

HOKKO REPORT 2025



CONTENTS

- 2 Message from the President
- 3 Management Plan
- 7 Sustainability Improvement Initiatives
- 9 Business Description
- 14 Research & Development
- 15 Manufacturing
- 16 Group Companies

Governance

- 17 Corporate Governance

Responsible Care Activities*

- 19 Responsible Care Management
- 20 Responsible Care Activity Initiatives and Results
- 21 Environmental Protection
- 23 Occupational Health and Safety, Process Safety and Disaster Prevention
- 24 Chemical Product Safety, Distribution Safety

Society

- 25 With Stakeholders

- 27 Financial Data

- 30 Company Overview

■ Editorial Policy

Since 2018, the Hokko Chemical Industry Group has published the Hokko Report as a communication tool to provide stakeholders with an overview of the Hokko Group and its efforts to enhance long-term corporate value and realize a sustainable society.

The Report for FY 2025 describes our management policies, business activities, management plans, Environmental, Social and Governance (ESG) initiatives, financial data and other information.

■ Reporting Scope

Reporting period:
FY 2024 (Dec. 1, 2023–Nov. 30, 2024)
Some of the reported information includes activities conducted after December 2024.

Reporting scope:
Hokko Chemical Industry Group. However, some data cover Hokko Chemical Industry Co., Ltd. (non-consolidated) or the main production and research facilities of Hokko Chemical Industry Co., Ltd. (the Hokkaido Factory, the Niigata Factory, and the Okayama Factory, and the Central Research Laboratories and the Fine Chemicals Research Laboratories).

Referenced guidelines:
Environmental Reporting Guidelines 2018,
Japanese Ministry of the Environment

Published:
August 2025 (next release scheduled in August 2026)

* Responsible Care Activities: In the chemical industry, companies that handle chemical substances voluntarily secure “environment, safety and health” in all processes from chemical substance development, manufacturing, distribution, use, final consumption, and recycling through to disposal, publicly release the results of those activities, develop the activities and communicate with society. These initiatives are called Responsible Care activities, and Responsible Care is sometimes abbreviated as RC in this report.



Origin of the company emblem
symbolizing good harvests in Japan

Our company emblem is made of a “seed leaf” designed from the character for “north” (北) used in the corporate name of Hokko. The round shape (○) symbolizes the world, the universe, or perfection, and the seed leaf (𪔐) suggests fledgling plants.

The seed leaf symbolizes our power to grow in the world like agricultural products that grow large with crop protection products and water.

Message from the President



Ken-ichi Sano
President

Advancing the 2nd Stage 3-Year Management Plan
for Achieving Our Goals for 2029

With the goal of benefiting humankind and the management keywords of “social contributions,” “the environment,” and “technology,” we at the Hokko Chemical Industry Group offer safe and reliable crop protection products that contribute to food security, and fine chemical products that broadly support industrial activities. Based on this corporate philosophy, we work hard every day to contribute to the Japanese economy.

Hokko Chemical Industry was founded on February 27, 1950, as a manufacturer and distributor of crop protection products. The company was formed by spinning off the pharmaceutical division of Nomura Mining Co., Ltd., an affiliate of the former Nomura Zaibatsu (conglomerate). The Grignard reaction, an organic synthetic reaction technology that was used to develop an agrochemical active ingredient at Nomura Mining, later became the core technology of our Fine Chemicals Business. This business continues to grow today, particularly in the field of electronic materials, providing high-quality materials to the semiconductor industry. Anticipating rising demand for KrF photoresist monomers—one of our flagship product categories—we decided in July 2024 to construct a dedicated production line for photoresist monomers at our Okayama Factory.

Since FY 2022, the Hokko Group has achieved consolidated ordinary income in the 5-billion-yen range for three consecutive years, demonstrating steady growth. In the 2nd Stage 3-Year Management Plan (FY 2024–2026), which represents the second step of our long-term management plan—we will leverage the revenue and financial base we have built to concentrate on strategic investments in growth and put our growth strategy into action to achieve the long-term performance target of 6 billion yen in consolidated ordinary income in FY 2029, the final year of the third step in our long-term plan.

In FY 2025, we will continue to advance our growth strategies, including restructuring the Crop Protection Products Business to improve profitability and strengthening our domestic and international sales networks in light of the expanded production capacity of our Fine Chemicals Business.

Furthermore, to achieve a virtuous cycle that will realize a sustainable society and sustainable increases in corporate value, we are further strengthening sustainability improvement initiatives and are moving forward in addressing the SDGs, climate change, carbon neutrality and energy savings, CSR procurement, and human capital management.

By concretizing and implementing these growth strategies, we aim to further evolve management with the dynamic tandem of the Crop Protection Products Business and the Fine Chemicals Business and create a strong and prosperous Hokko.

To enhance returns to our shareholders, we have adopted a progressive dividend policy for the current management plan period (FY 2024–2026), aiming to increase dividends in line with profit growth. In October 2024, we decided to implement a share buyback of the maximum allowable amount of 1 billion yen.

We hope that through this report, our stakeholders are able to deepen their understanding of the Hokko Group. We welcome your candid feedback as we pursue our future activities.

May 2025

■ Corporate Philosophy

With the goal of benefitting humankind and the management keywords of “social contributions,” “the environment” and “technology,” we offer safe and reliable crop protection products that contribute to food security, and fine chemical products that broadly support industrial activities.

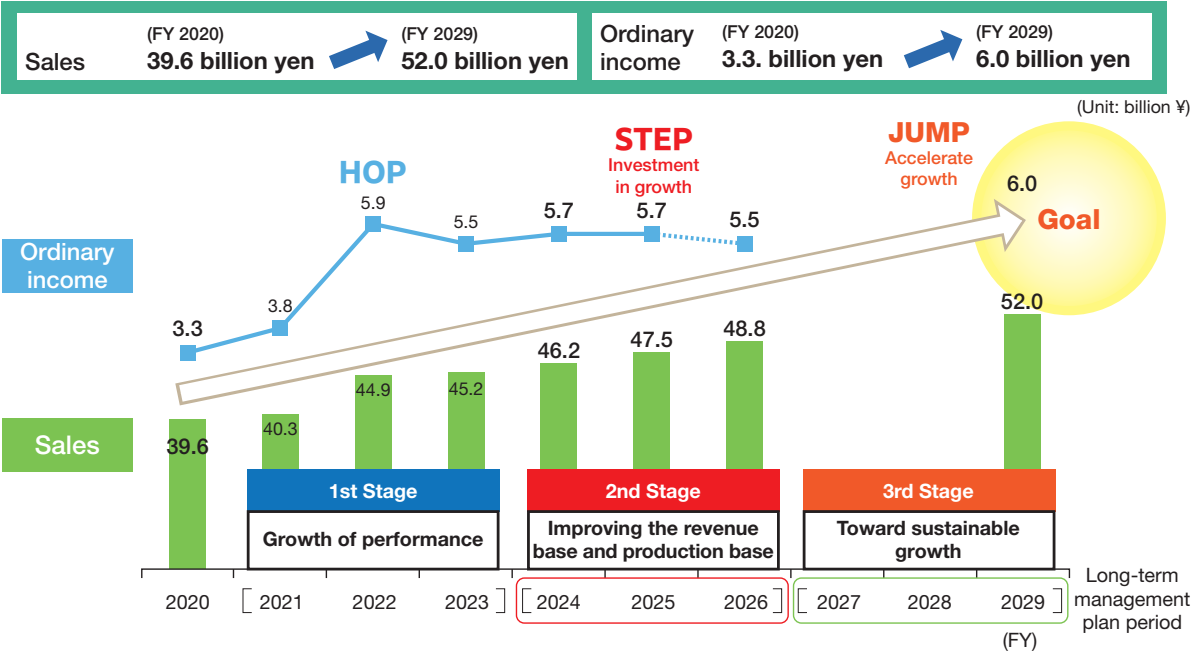
■ Basic Management Policy

Steadily implement our business plan to realize our Corporate Philosophy so as to achieve sustainable and stable growth, contribute to the development of domestic and overseas industries, and create a more affluent society. Under self-regulation from management led by our Board of Directors, we aim to improve our mid- to long-term corporate value and continue to be a company trusted by society.

Management Plan

Under the long-term management plan “HOKKO Value Up Plan 2029,” which is set to end in FY 2029, the Hokko Group will achieve sustainable growth on its way to its future vision, and work to improve sustainability, to make management more sophisticated and to promote the use of smart technology.

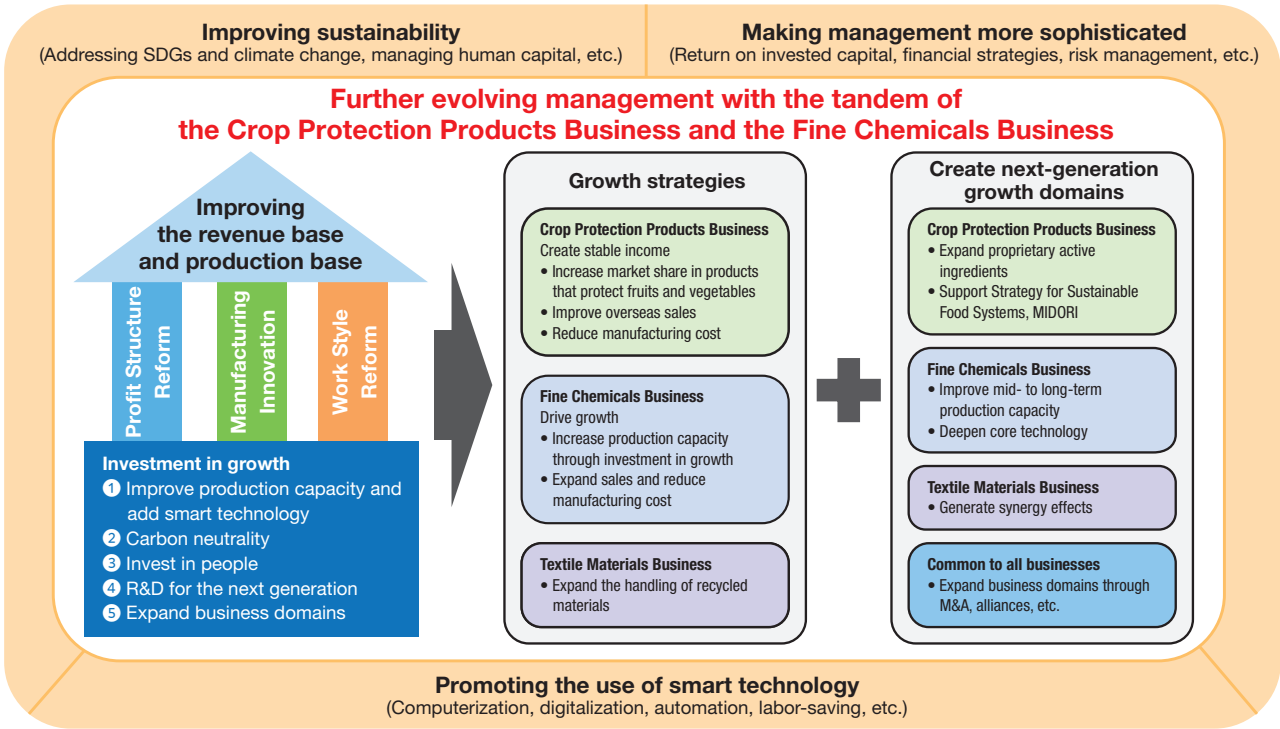
Long-Term Management Plan: “HOKKO Value Up Plan 2029”
We Can Create the Future—Hokko, Becoming Strong and Prosperous



Overview of the 2nd Stage 3-Year Management Plan
“HOKKO Value Up Plan 2029 2nd Stage” (FY 2024–2026)

1. Big Picture of the Plan

Based on investment in growth, such as improving production capacity, we will improve our revenue base and production base with the focus on the three reforms—“Profit Structure Reform,” “Manufacturing Innovation” and “Work Style Reform”—that we have continued to work on since the previous plan.



2. Business Targets

In the 2nd Stage 3-Year Management Plan, we aim to reach the FY 2026 business targets while working to focus on investment in growth.

(Unit: million ¥)

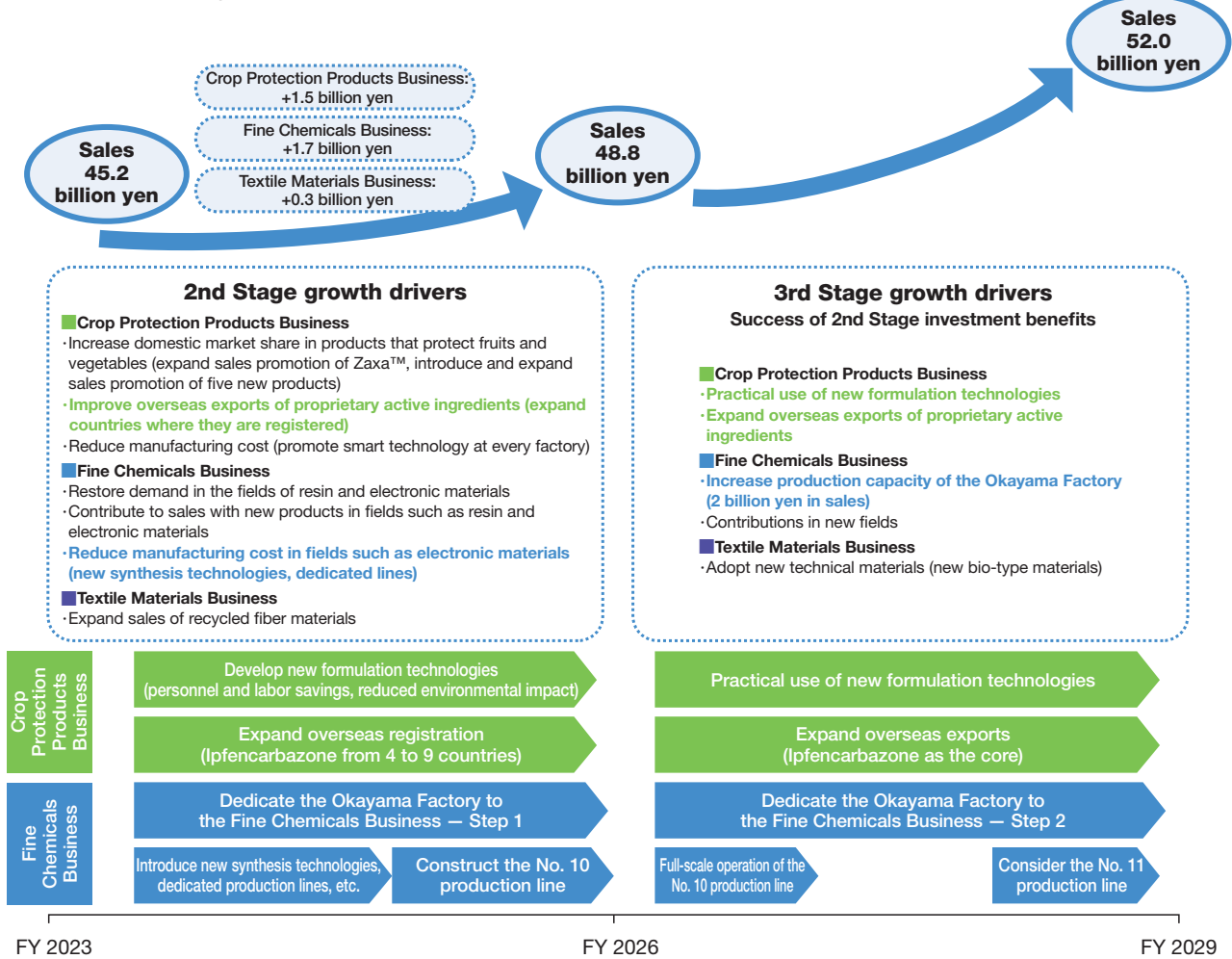
		1st Stage (FY 2021–2023)	2nd Stage (FY 2024–2026)		
		FY 2023 results	FY 2024 results	FY 2025 forecast	FY 2026 target
Performance	Sales	45,227	46,195	47,500	48,800
	Ordinary income	5,474	5,691	5,700	5,500
Return on invested capital	ROE	8.8%	8.6%	—	At least 8%
	ROIC	5.8%	6.3%	—	At least 6%
Financial soundness	Capital adequacy ratio	69.3%	70.7%	—	Maintain at least 60%

3. Growth Strategies

(1) Investment in growth

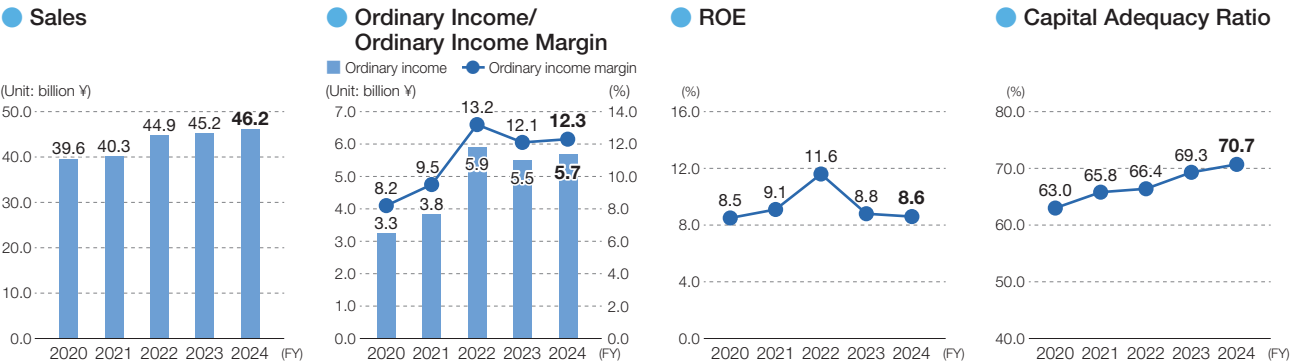
- We are promoting capital investment in growth areas, as well as investments and loans, that mainly focus on increasing production capacity in the growth-driving Fine Chemicals Business (fields such as resin and electronic materials), improving sustainability, and creating domains of growth for the next generation.
 - To invest in growth, establish a 10 billion yen in strategic capital expenditures and investment line of credit
 - Accelerate consideration of the use of M&As and alliances for the expansion of business domains and flexibly increase the investment line of credit
- At the same time, we are accelerating expanded investment in research and development as well as in human capital, for the reassessment of crop protection, the development of new formulation technologies, and the development of new technologies.

(2) Roadmap to our goal (FY 2029)



Progress of the 2nd Stage 3-Year Management Plan

Segment	Business Strategies	Main Initiatives for FY 2024
Crop Protection Products Business	<div>1. Strengthen domestic sales</div> <div>2. Expand efforts in overseas markets</div> <div>3. Reduce manufacturing costs</div> <div>4. Accelerate research and development</div> <div>5. Support the Strategy for Sustainable Food Systems, MIDORI</div>	<div>(1) • Strengthen lineup and expand sales of the high-spread formulation, Rakuryu (4 formulations launched)</div> <div>• Increase market share in products that protect fruits and vegetables by expanding sales of the herbicide Zaxa™ Liquid</div> <div>(2) Register proprietary active ingredient, Ipfcencarbazone in more countries (5 countries, India most recently)</div> <div>(3) Promote centralization of factory sites and automation and labor-saving at factories</div> <div>(4) Develop new formulation technologies for labor savings and reduced environmental impact</div> <div>(5) Strengthen R&D of biostimulant materials and products derived from nature</div>
Fine Chemicals Business	<div>1. Build sustainable production systems</div> <div>2. Maintain and improve high profitability</div> <div>3. Ensure sustainable growth</div> <div>4. Expand medium- to long-term production capacity</div>	<div>(1) Reconfigure facilities at the Okayama Factory (hazardous materials warehouse, etc.)</div> <div>(2) • Strengthen supply system for raw materials for semiconductor use</div> <div>• Start operation of recycled oil boilers for effective use of waste oil (cost reduction, energy savings)</div> <div>(3) Set start of construction of new production line dedicated to KrF photoresist monomers (scheduled for completion in December 2026) to roughly double the existing production capacity</div> <div>(4) Steadily advance Step 1 of transitioning the Okayama Factory into a dedicated Fine Chemicals Business site</div>
Textile Materials Business	<div>Clarify growth strategies and allocate management resources to growth fields</div>	<div>• Expand sales of environmentally-friendly recycled fiber materials</div> <div>• Broaden sales channels for industrial textile materials</div>
Common to all businesses	<div>1. Improve sustainability</div> <div>2. Enhance management systems</div>	<div>(1) • Concretize and disclose risks and opportunities related to climate change (TCFD) and explore fuel conversion</div> <div>• Promote human capital management and work style reform, including human resource utilization, training, and enhanced employee benefits</div> <div>(2) Develop Action to Implement Management That Is Conscious of Cost of Capital and Stock Price; concretize and implement growth strategies; decide on a share buyback to improve capital efficiency and increase shareholder returns</div>



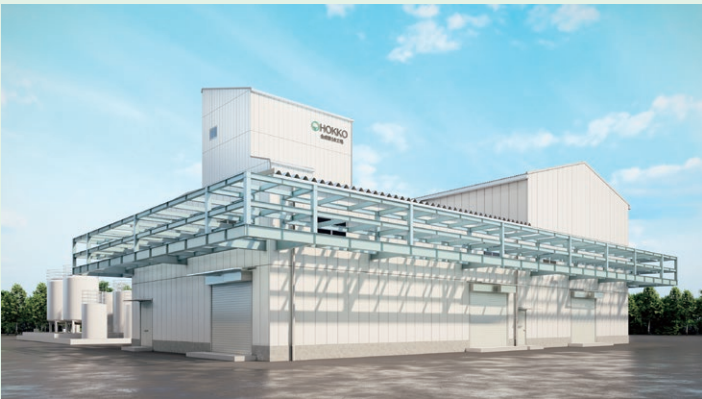
TOPICS

Construction of the No. 10 Production Line at the Okayama Factory

To meet rising demand in the semiconductor materials sector, where the market is expected to double, we decided to build a new production line at our Okayama Factory dedicated to manufacturing photoresist monomers, a fast-growing field. This will boost our capacity to produce and supply high-quality photoresist monomers.

Scheduled for completion in December 2026, the new production line will double our production

capacity of photoresist monomers (for KrF applications) and increase the overall production capacity of the Fine Chemicals Business at the Okayama Factory by approximately 20%. In addition to expanding our manufacturing capabilities, we will also strengthen our sales organization to drive further revenue growth centered on the semiconductor materials field.



Architectural rendering

International Registration and Sales of Agricultural Chemicals

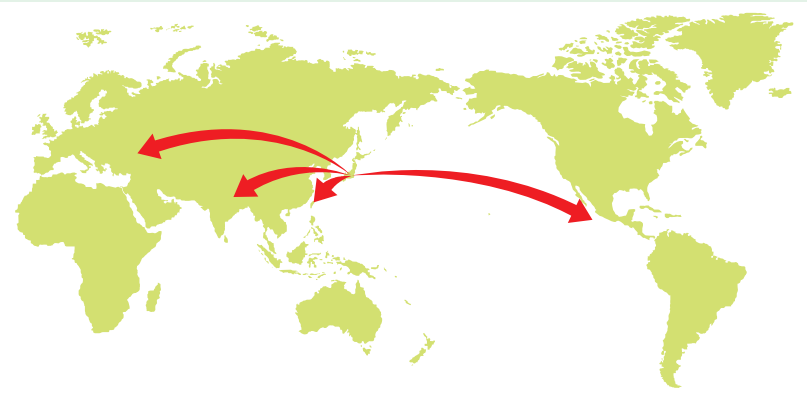
As the world's population rises, ensuring a stable food supply is becoming increasingly crucial, and more people means an expanding global market for agricultural chemicals.

We sell our flagship fungicide derived from a natural substance—Kasugamycin—in over 40 countries worldwide, and have been supplying this product to a continuously expanding market since its first release in 1965.

We are also actively working to expand sales of Ipfcencarbazone, a paddy rice herbicide, in overseas

markets. The herbicide was originally developed for the Japanese domestic market and launched in 2013. We aim to adapt the product for markets in Southeast Asia and Latin America, where rice cultivation systems differ from those in Japan.

As of the end of 2024, Ipfcencarbazone has been successfully registered in South Korea, the Dominican Republic, Turkey, Taiwan, and India. We aim to expand sales to many other countries, especially in Southeast Asia, the world's largest rice-growing region.



Sustainability Improvement Initiatives

To achieve a virtuous cycle that will realize a sustainable society and sustainable increases in corporate value, we are strengthening sustainability improvement initiatives even further and are promoting initiatives related to SDGs, climate change, the management of human capital, and so on.

Action Policy

Based on our corporate philosophy, the Hokko Group will develop and offer new products and new technologies that leverage the strengths in each of our businesses as value propositions to society.

As a social contribution initiative, while conducting our business activities, we will both address the risks and opportunities associated with climate change and promote carbon neutrality and energy savings initiatives in order to reduce the amount of greenhouse gas emissions. We are also working to promote CSR procurement.

As the infrastructure to support our businesses, we will put into place and implement human resource development policies and internal environmental maintenance policies, and we will promote the management of human capital.

Through these initiatives, we aim to realize a sustainable society and increase the corporate value of the Hokko Group.

Sustainability-Related Structures

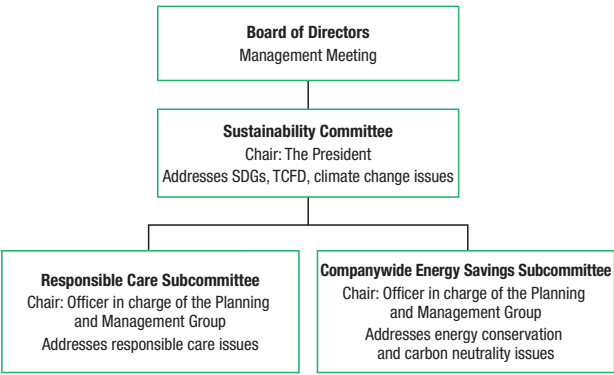
We have established the Sustainability Committee to

comprehensively and effectively promote the Hokko Group's sustainability-related initiatives.

The Sustainability Committee is chaired by the President. The Committee discusses the progress and issues of sustainability-related initiatives and reports on them to the Management Meeting and the Board of Directors.

We have also established the Responsible Care Subcommittee and the Companywide Energy Savings Subcommittee as bodies under the Sustainability Committee to review specific initiatives.

Sustainability-Related Structures



Sustainability Improvement Initiatives

Corporate Philosophy			
With the goal of benefitting humankind and the management keywords of “social contributions,” “the environment” and “technology,” we offer safe and reliable crop protection products that contribute to food security, and fine chemical products that broadly support industrial activities.			
Making value propositions to society	Supporting sustainable agriculture Crop Protection Products Business	Contributing to technological innovation in industry Fine Chemicals Business	Developing industries and creating a more affluent society Textile Materials Business
	<ul style="list-style-type: none">●Expand sales of Rakuryu, which tends to save labor●Develop and expand sales of products that reduce environmental impact<ul style="list-style-type: none">• Products derived from nature, new formulation technologies, etc.	<ul style="list-style-type: none">●Expand products and develop new technologies in growth fields<ul style="list-style-type: none">• Develop and supply materials related to semiconductors• Develop and supply materials related to energy	<ul style="list-style-type: none">●Increase use rate of recycled fiber<ul style="list-style-type: none">• Expand use of environmentally-friendly recycled fiber materials
Social contributions	Addressing climate change (TCFD) —Assessing the impact of risks and opportunities and concretizing measures		
	Promote carbon neutrality and energy savings GHG emission reduction targets: 22% reduction in FY 2030 (compared with FY 2013), carbon neutrality in FY 2050 <ul style="list-style-type: none">●Introduce new technologies (energy efficiency), use recycled oil, energy-saving facilities, fuel conversion, solar power generation, etc.		
Human capital	Promote CSR procurement —Formulate and disclose a CSR procurement policy, establish the system for implementation		
	Human resource development policies <ul style="list-style-type: none">●Develop human resources to take on challenges●Expand education and training systems●Improve employee engagement through benefits, etc.	Internal environmental maintenance policies <ul style="list-style-type: none">●Promote diversity●Promote health and productivity management●Ensure occupational health and safety●Realize work-life balance●Thoroughly enforce compliance	
We are strengthening sustainability to achieve a virtuous cycle that will realize a sustainable society and sustainable increases in corporate value			

Addressing Climate Change

At Hokko Chemical Industry, we identify climate change-related risks and opportunities based on the 1.5°C or 2°C scenario, in which the world achieves the transition to a decarbonized society, and the 4°C scenario, in which climate change progresses. Going forward, we will review the specific countermeasures for the identified risks and opportunities.

Main Climate Change-Related Risks and Opportunities

Type		Item	Impact
Risk	Transition	Promotion of national policies on decarbonization	Moderate
		Delays in low carbonization of proprietary products	Large
		Increased investment in facilities and technology for low carbonization	Moderate
		Rising costs of raw materials and energy	Large
		Impact on chemical pesticides due to increased demand for environmental considerations	Large
	Physical	Increased severity and frequency of flood damage	Moderate
		Changes to the agricultural environment associated with temperature and amount of rainfall	Large
Opportunity	Transition	Improved competitiveness and reputation associated with the launch of low-carbon products on the market	Large
		Increased demand for products related to electrical energy	Moderate
		Increased demand for naturally-sourced crop protection products and labor-saving formulations due to demand for environmental considerations	Large
		Higher efficiency of production and shipping	Moderate
		Physical	Increased demand for solutions to changes in the agricultural environment
	Increased demand for products due to increased crop yield		Large

Carbon Neutrality and Energy Savings

For the government's stated goal of achieving carbon neutrality by 2050, Hokko Chemical Industry has set the Scope 1 and Scope 2 emissions (non-consolidated) targets of a 22% reduction in FY 2030 (compared with FY 2013) and carbon neutrality in FY 2050.

To further reduce greenhouse gases, we will promote the introduction of new technologies, energy-saving facilities, fuel conversion, solar power generation, etc.

In FY 2024, we installed recycled oil boilers at the Okayama Factory to promote a conversion to non-fossil energy sources.

Promoting CSR Procurement

In May 2024, to strengthen CSR procurement across our operations, we established the Hokko Chemical Industry Group Procurement Policy and Hokko Chemical Industry Group Procurement Guidelines. To promote procurement based on our policy and guidelines, in FY 2024 we conducted a survey of our major suppliers, who account for approximately 80% of our total procurement spend, to assess the status of their CSR initiatives. Going forward, we will continue to deepen communication with our suppliers and promote CSR procurement throughout the entire supply chain.

Management of Human Capital

Based on the belief that the resources supporting our business are our employees, we position developing human resources to take on challenges in new fields and creating workplaces where employees can demonstrate their talents as important issues in terms of human resources.

Hokko Chemical Industry has established our human resource development policies and internal environmental maintenance policies as policies for promoting the development of the human resources the company needs, ensuring the diversity of our human resources, and maintaining an environment in which they can grow.

Human Resource Development Policies

For the purpose of developing human resources to take on challenges, in addition to on-the-job training, we maintain a system of various educational programs including rank-based training and training based on professional abilities.

Internal Environmental Maintenance Policies

In addition to providing a healthy and safe environment in which employees can work comfortably and a work style that supports their life stages, as well as maintaining a system in which diverse human resources can demonstrate their talents, we also promote initiatives for diversity, work-life balance, health management, occupational health and safety, and compliance.

FY 2024 Results of Initiatives for Human Capital (Non-consolidated)

Item		Rate
Percentage of female employees in management positions		3.9%
Rate of male employees taking child care leave		33.3%
Wage disparity of male and female employees (ratio of wages of women to wages of men)	All employees	65.7%
	Regular employees	75.4%
	Part-time and fixed-term employees	65.7%

Business Description

Crop Protection Products Business

Hokko's products ensure crop protection from seed treatment to harvesting

In our Crop Protection Products Business, we have manufactured and sold safe and effective agricultural chemicals since our founding with the motto “Hokko's products ensure crop protection from seed treatment to harvesting.”

Agricultural Chemicals R&D

Crop protection products defend crops from diseases, pests, and weeds to support the stability and safety of our diets by making a stable supply of agricultural products possible. They also offer other benefits such as reducing farm workloads and are indispensable to agriculture.

The development process for crop protection products involves not only efficacy and phytotoxicity trials of agricultural chemicals, but also requires numerous studies to examine products in terms of their safety, which includes for crops, the environment, animals, and humans. For this reason, developing a new chemical product can take more than 10 years and tens of billions of yen. It is said that only one out of every 160,000 new chemical compounds gets registered as an agricultural chemical product.

Kasugamycin, our fungicide and bactericide for paddy rice and horticulture, is highly effective at controlling the fungus that causes rice blast, a major disease affecting cultivated rice. It has recently been approved for use as a new disease control agent for organic agricultural products. Another of our products, the paddy rice herbicide Ipencarbazone, which provides excellent efficacy against the paddy field weed *Echinochloa* spp and exhibits excellent crop safety in rice paddies, is being developed as a one-shot herbicide targeting *Echinochloa*

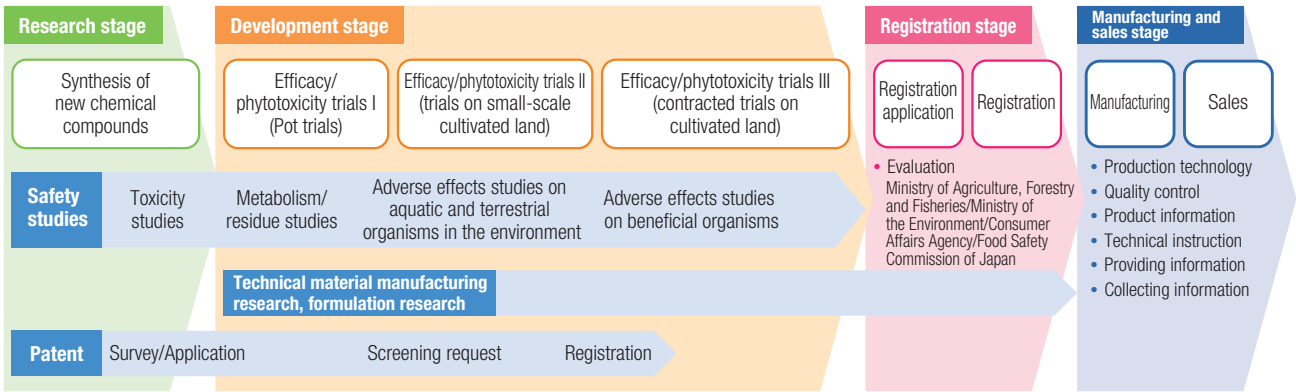
spp. We are also evaluating biostimulant materials as we further enhance our R&D capabilities.

We have earned a solid reputation for our expertise in chemical formulations that improve the workability of pesticide application and reduce farm workloads. In 2021, we developed Rakuryu, a new spread-type formulation utilizing our existing proprietary technologies that can significantly reduce the labor and time involved in spraying. Rakuryu can be applied to paddy fields that are 1 ha in size without even needing to enter them and, as only 250g of the formulation is required per 10 a, overall workload is reduced. In addition to conventional application methods, it can be applied from one side of a levee, from water inlets, and via unmanned aerial vehicles. We have continued to support sustainable agriculture through agricultural chemical research and development.



The mirror-like surface of a rice paddy after application of Rakuryu

Manufacturing and Sales Process Flow from R&D



Production Structure

We operate three factories in Japan that are equipped with the latest facilities and technologies to produce high quality products. We give due consideration to both the surrounding environment and working conditions in our production operations and take all possible measures to prevent water, air, and other forms of pollution.

We also contract the manufacture of formulated products including some insecticides, fungicides, and herbicides as well as repacking.



Business in Japan

Diverse product lineup and support structure

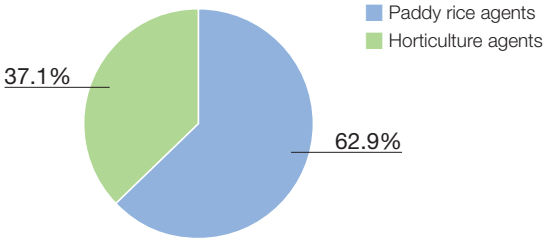
We sell more than 200 products including insecticides, fungicides, and herbicides for paddy rice, vegetable crops, and fruit orchards through JA branches nationwide in Japan. We have six branches that serve as sales offices in Japan and sales representatives stationed in every prefecture to provide service at the local level.

We offer detailed information to distribution organizations such as JA, experimental farms, agricultural extension centers and other instructional organizations, and to the farmers who use our products to ensure that our crop protection products are used safely and effectively.

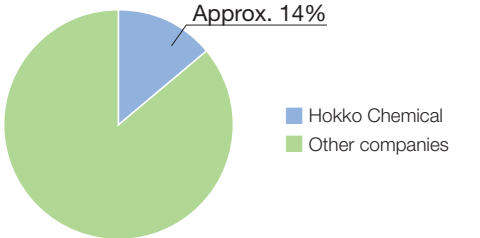


Leading products

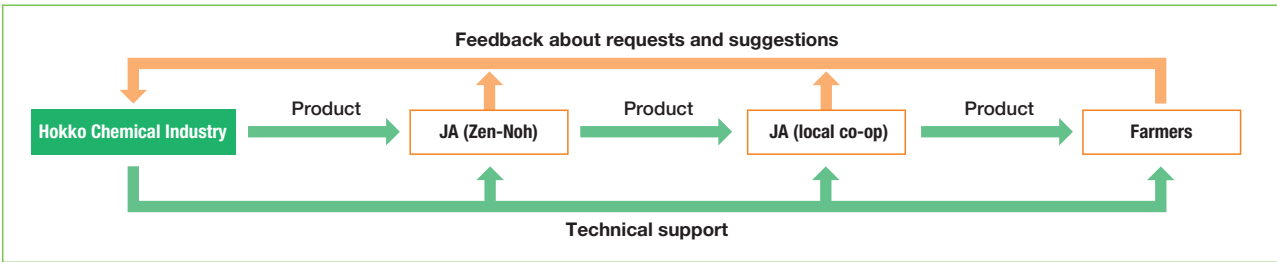
Breakdown by Field of the Company's Crop Protection Product Sales



The Company's Share of Domestic Paddy Rice Agent Shipments (Estimated)



Support System



Global Business

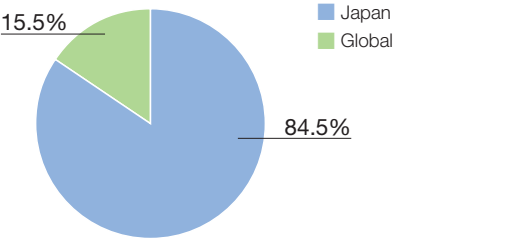
Operating business mainly in Asia and the Americas

We are selling original technical materials* such as Kasugamycin, a fungicide and bactericide for paddy rice and horticulture, and Ipencarbazone, a paddy rice herbicide primarily in Asia and the Americas. For the North, Central, and South American markets in particular, we are working with subsidiary HOKKO Chemical America Corporation in North Carolina, USA, to expand sales.

For Kasugamycin, we also have a dedicated manufacturing plant (Niigata Factory Branch Plant), and have built a stable supply system for export expansion. At the Vietnam Experimental Farm, we are conducting trials on the efficacy and phytotoxicity of Ipencarbazone for the purpose of developing crop protection products suited to tropical regions.

* Technical materials: Industrial products used as the active ingredients in crop protection products

Japan and Global Sales Mix



Leading products sold globally

Kasugamycin for the USA

Note: All graphs on p.10 are based on non-consolidated data from FY 2024 actual results.

Fine Chemicals Business

Contributions to the development of industry and society by building upon original technologies

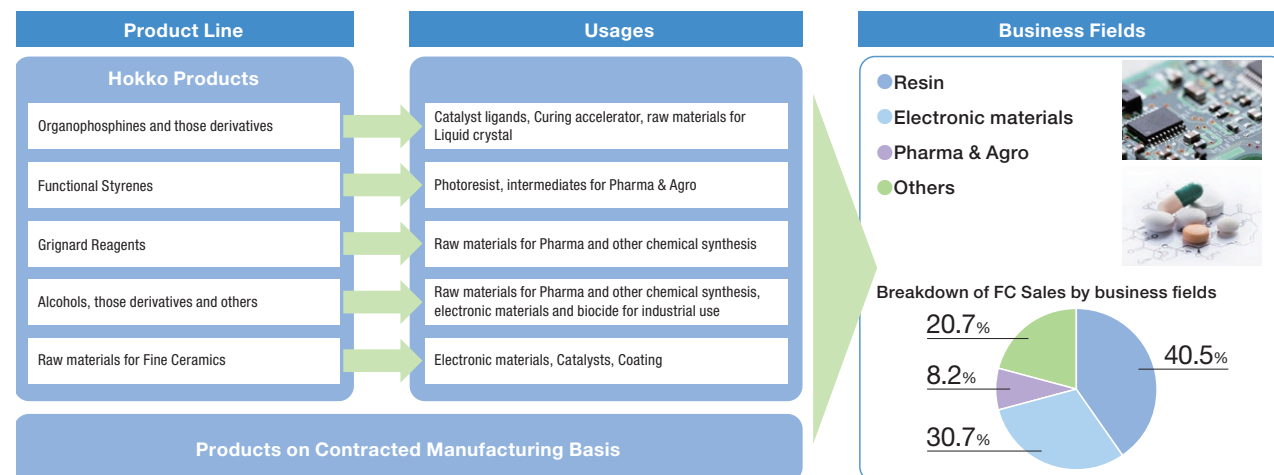
Our Fine Chemicals Business supplies a wide range of business fields with products made using its core technology represented by Grignard reaction.

Hokko Fine Chemicals Products

We use the generic name of “fine chemicals” for high value-added chemicals produced in small quantities versus mass-produced chemical products. To meet the needs of society and markets, our Fine Chemicals Business Unit supplies high purity, high performance, and high value-added products made using our original

manufacturing technology based on the Grignard reaction. These products are used in resins, electronics components, pharmaceuticals & agrochemicals, and other fields to support the development of industry and affluent living.

Business Description



Hokko Technology Grignard Reaction

The Grignard reaction was developed in 1900 by the French chemist Victor Grignard. It is the generic name for reactions involving an organomagnesium halide compound (Grignard reagent). Grignard reagents are widely used in industry, but reaction temperature control

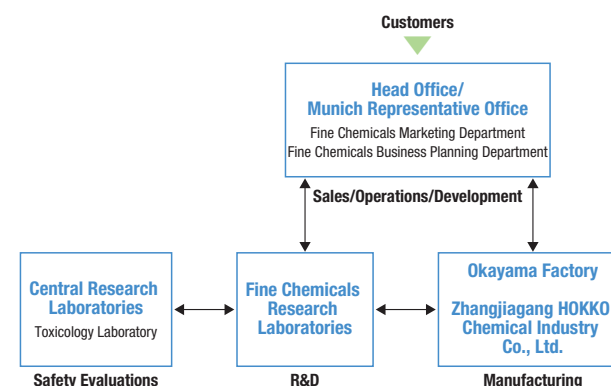
during reagent synthesis is challenging, and few companies conduct large-scale synthesis of Grignard reagents. We meet a wide range of customer needs using our world-leading technologies and production scale.

Fine Chemicals R&D, Manufacturing, and Sales System

We conduct integrated research and development through the coordinated efforts of our Fine Chemicals Marketing Department and Fine Chemicals Business Planning Department at the Head Office and the Fine Chemicals Research Laboratories.

Our Okayama Factory engages in efficient production with a total of nine production lines, including clean rooms able to produce pharmaceutical raw materials and raw materials for electronic materials. We are also developing our international operations, with our subsidiary Zhangjiagang HOKKO Chemical Industry Co., Ltd. in China the second fine chemicals production site after the Okayama Factory.

Fine Chemicals Product Research, Development, and Manufacturing Processes

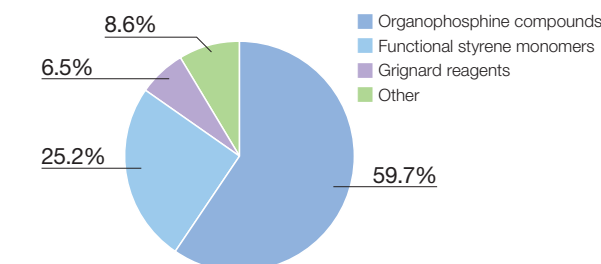


Manufacture and Sale of Hokko Products and Contracted Manufacturing

Hokko Products

Based on our synthesis technologies and experience in organometallic compounds built up since our founding, we have developed numerous products using the Grignard reaction as the key technology. Those fine chemical products include resin raw materials, electronic materials such as photoresist monomers and curing accelerators for epoxy molding compounds, organic catalysts, and pharmaceutical raw materials.

Hokko Product Sales Mix



Leading Products

Organophosphine compounds

TPP... $(\text{C}_6\text{H}_5)_3\text{P}$
 TTBP... $(\text{tert-C}_4\text{H}_9)_3\text{P}$
 TPPO... $(\text{C}_6\text{H}_5)_3\text{P}=\text{O}$
 TPP-PB... $(\text{C}_6\text{H}_5)_4\text{P}^+\text{Br}^-$
 DPPE... $(\text{C}_6\text{H}_5)_2\text{PCH}_2\text{CH}_2\text{P}(\text{C}_6\text{H}_5)_2$
 Crophos... $(\text{tert-C}_4\text{H}_9)_2\text{PCH}_2\text{CH}=\text{CHCH}_3$
 m-Crophos... $(\text{tert-C}_4\text{H}_9)_2\text{PCH}_2\text{CH}=\text{C}(\text{CH}_3)_2$
 Xantphos, DPEphos, Amphos, DPPF

Functional styrene monomers

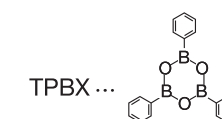
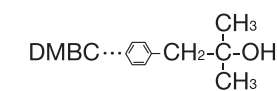
PCST... $\text{Cl}-\text{C}_6\text{H}_4-\text{CH}=\text{CH}_2$
 PTBST... $\text{CH}_3-\text{C}(\text{CH}_3)_2-\text{O}-\text{C}_6\text{H}_4-\text{CH}=\text{CH}_2$
 PVBA... $\text{HOOC}-\text{C}_6\text{H}_4-\text{CH}=\text{CH}_2$

Grignard reagents

Grignard reagents... RMgX

Alcohols, derivatives, others

4P1OL... $\text{CH}_2=\text{CHCH}_2\text{CH}_2\text{CH}_2\text{OH}$
 3B1OL... $\text{CH}_2=\text{CHCH}_2\text{CH}_2\text{OH}$



Hokstar, Hokcide
 ...Organonitro sulfur compounds

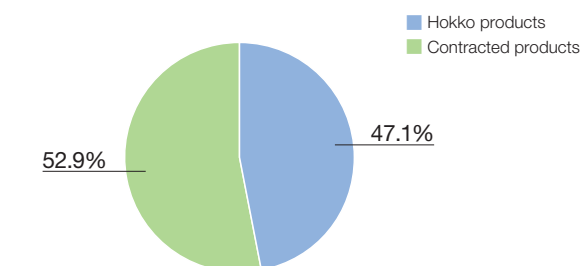
Raw materials for fine ceramics

HZ-NB... $(\text{n-C}_4\text{H}_9\text{O})_4\text{Zr}$
 HZ-TB... $(\text{t-C}_4\text{H}_9\text{O})_4\text{Zr}$
 $(\text{C}_2\text{H}_5\text{O})_5\text{Nb}$
 $\text{La}_{0.8}\text{Sr}_{0.2}\text{MnOxide}$

Contracted Manufacturing

In addition to our own products, we also contract manufacturing based on proposals using Hokko technologies and Hokko raw materials. Leveraging our advanced technologies and know-how built up over many years, we meet customers' detailed needs and requirements using our production system consisting of multipurpose manufacturing units of various sizes equipped with the latest facilities.

Sales Mix (Hokko/Contracted)



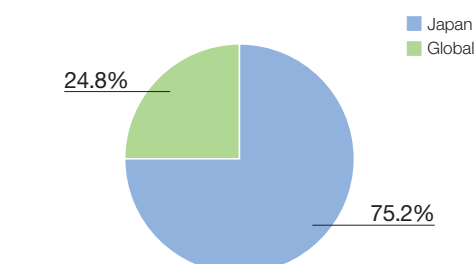
Global Marketing

We opened Munich Representative Office to serve as a marketing base in Europe. Through this office, we are able to more quickly respond to our customers in Europe and aim to capture new demand.



Munich Representative Office (building housing the office)

Japan and Global Sales Mix



Note: All graphs on pp.11-12 are based on non-consolidated data from FY 2024 actual results.

Textile Materials Business

Creation of new value for provision to society

In the Textile Materials Business, C. Murata & Co., Ltd. provides optimal textile materials to a wide range of fields in society.

Providing Environmentally-Friendly Products

By working to develop environmentally-friendly recycled fiber materials, we encourage the effective use of resources and contribute to reductions in waste. In addition, we aim to provide products that minimize environmental impact by developing new

environmentally-friendly materials that combine recycled raw materials and bio raw materials. Providing textile materials enables us to contribute to the development of industries and the creation of a more affluent society.

● Features

Our Private Brand: MU-TECH and MU-TECH ECO

Our original multi-use material is available in a variety of colors under our private brand MU-TECH, pursuing high functionality and fashionability and responding to customer needs through lotless support. We sell MU-TECH ECO as a brand that uses environmentally-friendly materials using recycled fibers while pursuing functionality. We use recycled polyester and recycled nylon, with recovered PET bottles as the raw material.

● Main Markets Handled

Industrial Raw Materials

We actively advocate for the use of recycled fiber materials for industrial raw materials, such as those used in automobiles, aircraft, railway vehicles, and ships, while also working together with suppliers and manufacturers to address needs by developing new recycled fiber materials.

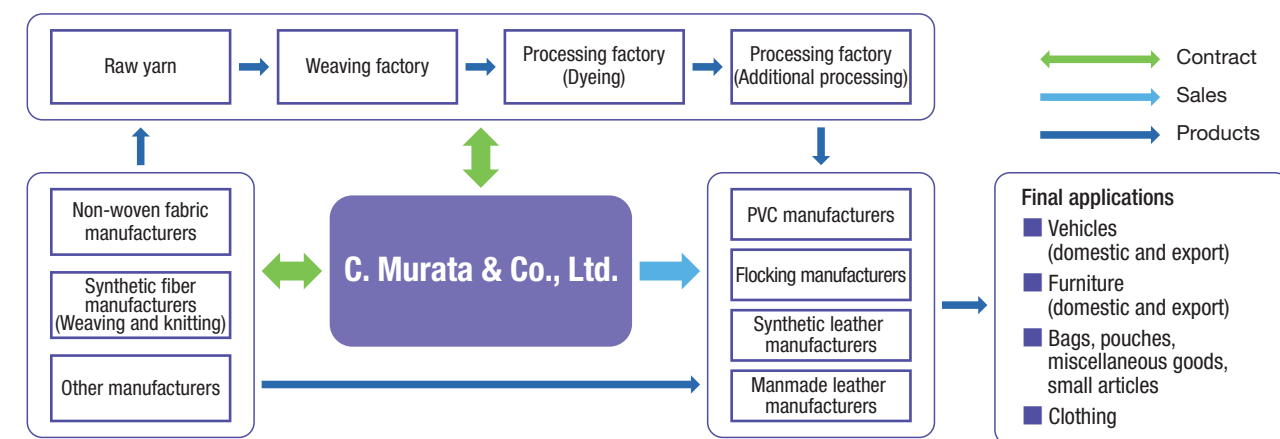
Materials in Everyday Life

For materials in everyday life, such as furniture and interior accessories, bags, shoes, and items from the caregiving and health fields, we promote the replacement of existing goods with environmentally-friendly goods that use environmentally-friendly recycled fiber materials.

Apparel Materials

With the call to be environmentally friendly, we will suggest changes in additional processing and develop and propose new MU-TECH ECO brand products while addressing the need for fashion related apparel materials with lot-less support.

● Main Value Creation Process



Research & Development

At our Central Research Laboratories and Fine Chemicals Research Laboratories, we are working on the development of new products based on the concepts of “compact,” “high quality,” and “connected.”

Central Research Laboratories (Crop Protection Products Business)

The Central Research Laboratories opened in 1966 after relocating laboratories from Ofuna, Kamakura City, Kanagawa Prefecture. It is involved in creation of new active ingredients for crop protection products, developing new crop protection products, and providing technical support for sales. In 2016, it obtained certification of compliance with standards for proper testing of toxicity and residues of agricultural chemicals (Good Laboratory Practice [GLP] for Agricultural Chemicals).

- Location: Atsugi City, Kanagawa
- Site area: 21,000 m²*
- No. of employees: 122* (as of Nov. 30, 2024)

* Includes the Fine Chemicals Research Laboratories



Central Research Laboratories and Fine Chemicals Research Laboratories

Experimental Farms

Conducts experiments to develop crop protection products meeting local needs, mainly using cultivated land designated for experiments. The Atsugi Experimental Farm is attached to the Central Research Laboratories.

Hokkaido Experimental Farm

- Location: Yubari-gun, Hokkaido
- Site area: 19,700 m²
- Established: 1985



Shizuoka Experimental Farm

- Location: Makinohara City, Shizuoka
- Site area: 23,800 m²
- Established: 1982



Vietnam Experimental Farm

- Location: Long An Province, Vietnam
- Site area: 10,000 m²
- Established: 2019



Fine Chemicals Research Laboratories (Fine Chemicals Business)

The Fine Chemicals Research Laboratories was established in 1989 on the grounds of the Central Research Laboratories to augment the R&D team at our Atsugi research facilities in conjunction with expansion of our Fine Chemicals Business. It conducts research and development on fine chemicals, raw materials for fine ceramics, and antifungal agents.



Manufacturing

We are adding to our production facilities and increasing efficiency at our factories, building a robust production structure.

Hokkaido Factory (Crop Protection Products Business)

- Location: Takikawa City, Hokkaido
- Site area: 53,000 m²
- No. of employees: 59 (as of Nov. 30, 2024)

Our Rubeshibe Factory, located in Rubeshibe, Hokkaido, where we first got our start, was not located near the main rice-producing region of Hokkaido. We relocated the Hokkaido Factory to the major rice-producing region of Takikawa and completed the factory in 1970. The Hokkaido Factory is our leading crop protection product manufacturing facility in Hokkaido. A new factory for granule herbicides was added in 2022.



Niigata Factory (Crop Protection Products Business)

- Location: Shibata City, Niigata
- Site area: 128,000 m²
- No. of employees: 84 (as of Nov. 30, 2024)

We established the Niigata Factory in 1961 in one of the leading grain-growing regions in Japan as the first crop protection product factory located along the Japan Sea. We also have the Niigata Factory Branch Plant, which manufactures Kasugamycin, our original technical material. We are promoting greening of the factory grounds, and in 2007 received the METI Minister's Award under the National Award for Factory Greening.



Okayama Factory

(Crop Protection Products Business/Fine Chemicals Business)

- Location: Tamano City, Okayama
- Site area: 187,000 m²
- No. of employees: 228 (as of Nov. 30, 2024)

As the first factory attracted by Okayama Prefecture, the Okayama Factory was constructed in 1953 for the purpose of integrated production of crop protection products starting from synthesis of agricultural chemical technical materials. In addition to crop protection products, the factory currently produces raw materials for electronics components and fine chemical products including pharmaceutical intermediates.



Zhangjiagang HOKKO Chemical Industry Co., Ltd. (Fine Chemicals Business)

- Location: Zhangjiagang City, Jiangsu Province, China
- Site area: 114,000 m²
- No. of employees: 88 (as of Nov. 30, 2024)

We established the wholly owned subsidiary Zhangjiagang HOKKO Chemical Industry in 2002 as a manufacturing facility exclusively for fine chemical products. A new plant was added in 2009. In cooperation with the Okayama Factory, Zhangjiagang HOKKO Chemical Industry is part of our global production structure.



Group Companies

Overviews of the business of each Group company and descriptions of their roles within the Group.

HOKKO Sangyo Co., Ltd.

- Head Office: 1-5-4 Nihonbashi-Honcho, Chuo-ku, Tokyo, Japan (Sumitomo Fudosan Nihonbashi Building)
- URL: <http://www.hokkosan.co.jp/>

HOKKO Sangyo Co., Ltd. was established in 1963 as Hokko Vardal Co., Ltd., a subsidiary that trades the products of Hokko Chemical Industry Co., Ltd. The name was changed to HOKKO Sangyo Co., Ltd. in 1976. It sells antimicrobial and antifungal agents, fine chemicals products, and chemicals for golf courses, non-crop areas, and mushroom cultivation.

Zhangjiagang HOKKO Chemical Industry Co., Ltd.

- Head Office: No.29, Donghai Road, (Jingang Town, Zhangjiagang City) Yangtze River International Chemical Industry Park, Jiangsu Province, China
- URL: <https://www.hokkochem.com.cn/>

Zhangjiagang HOKKO Chemical Industry Co., Ltd. was established as a Chinese subsidiary in 2002 to produce fine chemicals products with a focus on TPP and other products. The company currently conducts sales in China and manufactures TPP derivatives and other products.

Biei Hakudo Industry Co., Ltd.

- Head Office: 1-5-4 Nihonbashi-Honcho, Chuo-ku, Tokyo, Japan (Sumitomo Fudosan Nihonbashi Building)
- Biei Factory: Biei Kyowa, Biei-cho Aza Misawa, Kamikawa-gun, Hokkaido, Japan
- URL: <https://www.bieihakudo.co.jp/>

Biei Hakudo Industry Co., Ltd. was established in 1967 to manufacture and sell agricultural chemical bulking agents. Today, it manufactures and sells inorganic copper compounds and hollow glass microspheres (taisetsu balloons).

HOKKO Chemical America Corporation

- Head Office: c/o Towerview Office Suites, 150 Preston Executive Dr, Suite 201, Cary, NC, U.S.A.

HOKKO Chemical America Corporation is a local subsidiary established in the United States in 2016. Its main business consists of gathering the latest information and expanding sales in North, Central, and South America. It also develops, registers, and promotes crop protection products.

HOKKO Pax Co., Ltd.

- Head Office: 1-5-4 Nihonbashi-Honcho, Chuo-ku, Tokyo, Japan (Sumitomo Fudosan Nihonbashi Building)
- Okayama Office: 402 Muneage, Tamano-shi, Okayama, Japan

HOKKO Pax Co., Ltd. was established in 1991 as a joint venture of Hokko Chemical Industry Co., Ltd. and HOKKO Sangyo Co., Ltd. to perform packaging of crop protection products. It currently sells petroleum products and other products and administers employee benefits programs for the Hokko Chemical Industry Group.

C. Murata & Co., Ltd.

- Head Office: 2-1-8 Bingo-machi, Chuo-ku, Osaka-shi, Osaka, Japan (Bingo-machi Nomura Building)
- Tokyo Branch: 1-5-4 Nihonbashi-Honcho, Chuo-ku, Tokyo, Japan (Sumitomo Fudosan Nihonbashi Building)
- Shanghai Office: Room 916, Guanghua Dasha, Beilou, No. 868, Maotai Road, Shanghai, China
- URL: <http://muratacho.com/index.html>

C. Murata & Co., Ltd. is a long-standing company that was established in 1885 as a textile company that handled kimono and silk products. In more recent years, it has transitioned its business model to that of a specialized textile materials trading company, and it currently sells textile materials for industry, bags and shoes, and apparel. It became a group company of Hokko Chemical Industry Co., Ltd. in 2019.

Corporate Governance

At Hokko Group, we are taking steps to further improve corporate governance with the aim of achieving sustained growth and improving our corporate value.

Basic Approach

Through implementation of our corporate philosophy and basic management policy, we are pursuing the best model of corporate governance for our company to achieve sustained growth and improved mid- to long-term corporate value.

We are taking steps to improve our corporate governance based on our understanding that working together with stakeholders and maintaining a strong awareness of compliance are vital to achieving sustained growth and improving our corporate value in the mid- to long term.

Overview of Corporate Governance Structure

We adopt the form of a company with corporate auditors. The Board of Directors supervises the execution of duties of directors, and corporate auditors conduct audits. We adopt a corporate officer system for the execution of operations. Corporate officers are tasked with this execution under the supervision of the Board of Directors. In addition to outside corporate auditors with a high level of expertise appointed to conduct audits, we work to strengthen our audit function through the integrated efforts of corporate auditors, an internal audit team independent of divisions in charge of execution of operations, and accounting auditors.

Promoting Compliance

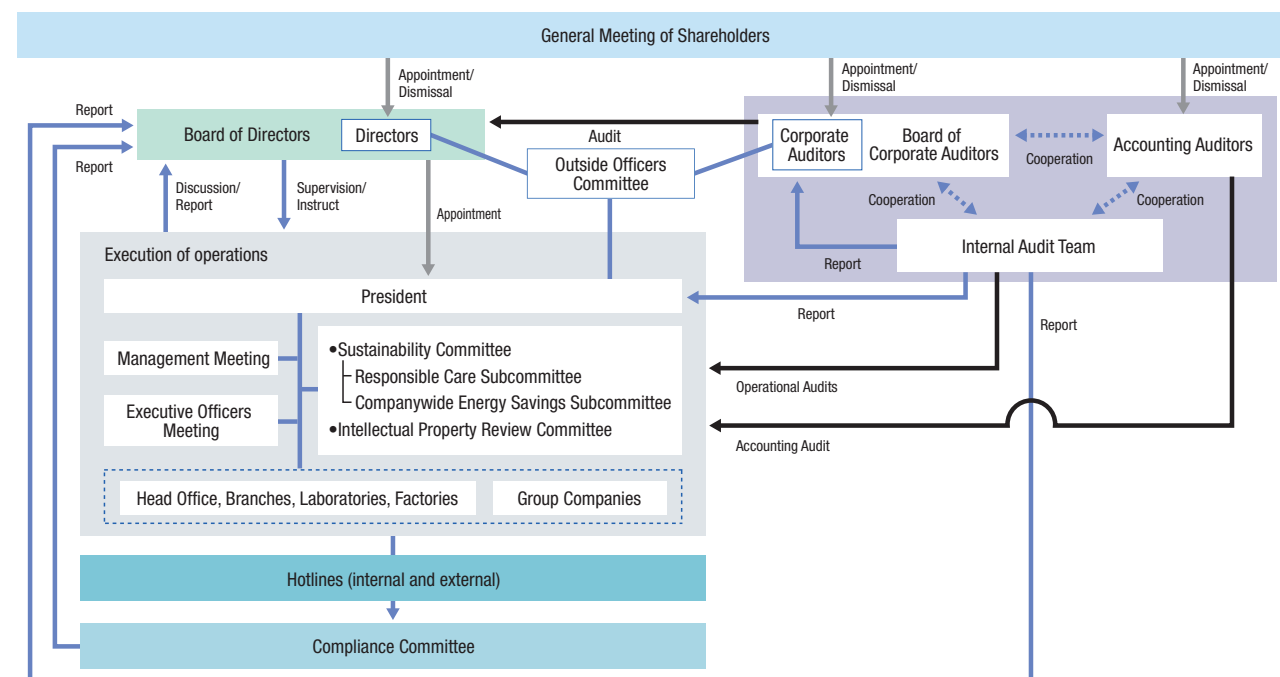
We position compliance as a management issue of the highest priority. To ensure that operations are conducted both fairly and efficiently, we have established our Basic Compliance Policy, the Hokko Chemical Industry Group Code of Conduct, our Basic Regulations on Legal Compliance, and our Basic Policy on Internal Control Systems. Executives and staff base their conduct on laws and regulations as well as on common sense and propriety.

The Compliance Committee, which is made up of a chairperson and members appointed by the president, oversees deliberations on basic policies and plans related to compliance, as well as investigations of compliance violations. Corporate auditors and the internal audit team conduct audits of compliance by business divisions and Group companies.

The Hokko Group has established internal and external hotlines and created systems that enable anonymous reporting and consultation. We strictly protect the privacy and prohibit any detrimental treatment of persons who make reports in accordance with internal rules and are working to increase effectiveness. The Compliance Committee investigates the relevant facts, etc. regarding such reports and consultations, and takes any measures necessary to correct the situation and prevent a recurrence.

We have set the month of September as Compliance Month and hold training in business divisions and departments. In addition, we conduct surveys on compliance awareness and use our intranet system to disseminate compliance knowledge and information.

● Corporate Governance Structure (as of Dec. 2024)



Basic Compliance Policy

Compliance with Laws and Regulations

We conduct our activities in compliance with Japanese and international laws, regulations, and rules as well as with our internal regulations, and with strong ethical values and social propriety.

Respect for Diversity

We respect the human rights, character, and individuality of all people irrespective of nationality, gender, age, or belief system, and strive to prevent harassment and other unfair treatment in the workplace.

Fair Company Activities

We conduct business under fair, transparent, and free competition based on reasonable conditions.

Proper Handling of Information

We appropriately manage information including that received from our business partners, and release information to our stakeholders and investors as appropriate.

Exclusion of antisocial and criminal elements

We have no relationships with anti-social forces with the resolve to eliminate their influence in society.

Protection of the Global Environment

We strive to prevent environmental pollution to protect the global environment and reduce environmental impacts.

Prevention of Misconduct

We enhance the effectiveness of systems to prevent misconduct in order to prevent damage to our corporate value.

Integrity in Responding to Misconduct

When misconduct does occur, we conduct an investigation, identify the causes, and take the appropriate action.

Business Continuity Plan

As a part of our risk management programs, we drafted a business continuity plan (BCP) in order to be prepared for a natural disaster, such as an earthquake occurring directly under the Tokyo region, an outbreak of infectious disease, or a fire occurring in a factory, for the purpose of minimizing the damage to our business assets, continuing our core business operations, and quickly recovering from the disaster.

This BCP defines the necessary policy, the structure, and other basic matters for sustaining a stable product supply, and aims to fulfill our supply responsibility as a manufacturer by continuing our business operations even in the event of a major disaster.

In addition, to ensure the effectiveness of our BCP, every year we conduct education and drills, and make revisions where issues are identified to enhance the content of our BCP and review new potential issues.

We also introduced a safety confirmation system to quickly confirm the safety of all of our employees in the event of a major earthquake or other disaster. We conduct regular tests of this system and make other preparations for unforeseen events to foster an awareness of crisis management among employees on an ongoing basis.

Complaint Response Team

We seek to improve our quality management system in manufacturing divisions to prevent the occurrence of product complaints. We believe that in the event of a product complaint, responding promptly, accurately, and with integrity and striving to prevent recurrences is of utmost importance to remain a company that is trusted by society.

We define complaints as the spectrum of expressions of dissatisfaction with our company, from complaints about our products to dissatisfaction with our sales, technologies, and other services, complaints related to our factories and laboratories, and other complaints from our stakeholders. We have put in place a response team to deal with complaints.

We use the PDCA cycle to investigate the causes, process complaints, and devise prevention measures. A robust system to deal with complaints facilitates improvements in our business activities, quality, and operations as well as improvements in our service to our customers and all other stakeholders.


Responsible Care Management

As a company that handles chemical substances, internally we prioritize ensuring safety, health and the protection of the environment from product development through to product disposal, publicly releasing the results of these efforts, and deepening understanding through mutual dialogue.

Basic Policy on the Environment, Safety and Health

We conduct Responsible Care (RC) activities, a voluntary management initiative of the chemical industry to protect the environment and ensure safety and health, based on our Basic Policy on the Environment, Safety and Health and our Responsible Care Activity Policy. These activities encompass the areas of environmental protection, occupational health and safety, process safety and disaster prevention, distribution safety, chemical products safety, and communication with the public.

Basic Policy for the Environment, Safety and Health



Revision date: August 1, 2012
(Established in September 1996)

We are committed to giving the highest priority to the following initiatives for environment protection, safety and health throughout our business activities, including R&D, manufacturing and sales.

1. We ensure the safety of local communities and of our employees by keeping our operations free of occupational incidents and accidents.
2. We ensure the safety and health of our stakeholders, including our customers, general consumers, our logistics partners and our employees, through our gathering and organizing of the latest safety information on chemical substances and products, and by providing it to the parties concerned.
3. We provide products that can be used by our customers with satisfaction and assurance.
4. We strive to reduce our environmental impact throughout the product life cycle, from development to disposal.

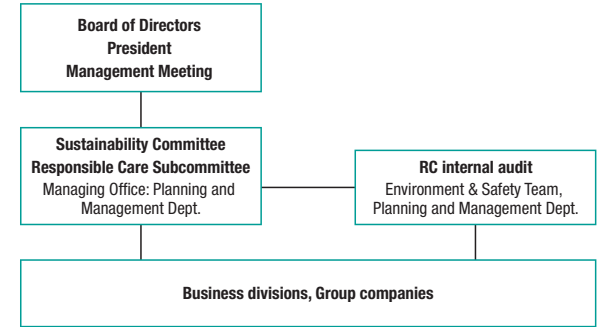
The personnel at all of our divisions recognize the importance of our basic policy and strive to make improvements in a continuous way, as well as complying with laws and regulations.

Ken-ichi Sano
President

HOKKO CHEMICAL INDUSTRY CO., LTD.

Our factories have obtained certifications in quality management (ISO 9001), environmental management (ISO 14001) and occupational health and safety management (ISO 45001), and are utilizing them to work toward continuous improvement.

Responsible Care Promotion Structure



ISO 9001, ISO 14001, ISO 45001 Certifications

Location		Certification Date		
		ISO 9001	ISO 14001	ISO 45001
Hokko factories	Hokkaido Factory	Dec. 1995	Jan. 2000	Sep. 2020
	Niigata Factory	Jan. 1995	Mar. 1999	Feb. 2021
	Okayama Factory	Jan. 1995	Jan. 2000	Apr. 2020
Group companies	HOKKO Pax, Co., Ltd., Okayama Office	—	Jan. 2000	Apr. 2020
	Zhangjiagang HOKKO Chemical Industry Co., Ltd.	Nov. 2007	Dec. 2007	—

RC Internal Audits (Environment & Safety Audits)

The Environment & Safety Team in the Head Office Planning and Management Department regularly conducts RC internal audits of our factories, laboratories, and Group companies. In FY 2024, audits were conducted at three factories, two laboratories, and one domestic subsidiary. The locations carry out systematic improvements based on the guidance and instructions received in audits.

Responsible Care Promotion Structure

We have established the Responsible Care Subcommittee within the Sustainability Committee to oversee our companywide RC activities.

The Responsible Care Subcommittee comprises the officer in charge of the Planning and Management Group, who serves as chair, along with subcommittee members consisting of officers in charge of our business groups and others. It is responsible for discussing basic policies, goals and plans for safety, health and environmental protection and reporting the results to the Management Meeting. Each business location and Group company is responsible for putting in place a structure compatible with its business and promoting RC activities.

Responsible Care Activity Initiatives and Results

We set targets for environment and safety issues and conduct an ongoing cycle of improvement activities. We also conduct and publicly release environmental accounting reports to evaluate the costs and benefits of our environmental protection measures.

FY 2024 Responsible Care Activity Results and FY 2025 Action Item

Category	Action Item	FY 2024 Result	Self-evaluation	FY 2025 Action Item
Environmental protection	Reduce greenhouse gas emissions Promote energy conservation activities	Unit energy consumption: average annual improvement of 2.3% (for 5 fiscal years) Consideration given to measures for achieving targets	○	Promote energy conservation activities Clearly specify measures to achieve goals
Occupational health and safety Process safety and disaster prevention	Eliminate occupational accidents and plant accidents	Lost time injuries: 2 (p. 23)	×	Implement smart technology at factories and safety training
Chemical product safety	Ensure the chemical product safety	SDSs and labels revised in accordance with revisions to the ISHA*1	○	Revise SDSs and labels based on ISHA revisions
Social dialogue	Public release of information	Addressed TCFD*2 (identified risks and opportunities) Publishing Hokko Report 2024	○	Address TCFD (climate-related risk and opportunity impact assessments, consideration of countermeasures) Publish Hokko Report 2025
	Exchanges with local communities	Community exchanges at business locations (p. 26)		Promote communication through dialogue with local residents and local governments, etc., and through participation in local activities

*1 ISHA: Industrial Safety and Health Act
*2 TCFD: Task Force on Climate-related Financial Disclosures

Environmental Accounting Environmental Conservation Cost

Category		Key Activity and the Outcome		Investment Amount*3	Cost Amount*4
1	Environmental conservation costs to control environmental impacts that result from key business operations within the business area (business area costs)			265	326
	Breakdown	Pollution prevention costs	Prevention of air pollution, water pollution, etc.	64	153
		Global environmental protection costs	Global warming prevention, energy conservation, etc.	187	0
		Resource circulation costs	Waste disposal treatment, waste recycling, etc.	14	173
2	Environmental conservation costs to control environmental impacts that result from key business operations upstream or downstream (upstream/downstream costs)	Collection and proper disposal of used products, distribution accident prevention measures, etc.		0	8
3	Environmental conservation costs stemming from administration activities (administration costs)	Implementation and maintenance of the environmental management system, disclosure of environmental information, monitoring of environmental impacts, environmental training of employees, greening measures, etc.		5	66
4	Environmental conservation costs stemming from R&D activities (R&D costs)	R&D to curtail environmental impacts, evaluation and testing expenses, etc.		0	65
5	Environmental conservation costs stemming from societal activities (societal activity cost)	Disclosure of information to local communities, etc.		0	1
6	Costs incurred for dealing with environmental degradation (environmental remediation costs)	—		0	0
Total				270	464

*3 Investment amount: Capital investment for environmental conservation
*4 Cost amount: Depreciation expenses, maintenance and administration expenses for environmental conservation

Environmental Conservation Benefit

Environmental Conservation Benefit Categories	Environmental Performance Indicators (Units)	FY 2023	FY 2024	YoY Change
Environmental Conservation Benefit Related to Resources Input into Business Activities	Total energy input (kL)	12,435	12,193	-242
	Amount of input water resources (clean water) (1,000 m³)	451	425	-26
Environmental Conservation Benefit Related to Waste and Environmental Impacts Originating from Business Activities	CO ₂ emissions (t-CO ₂)	31,132	30,059	-1,073
	COD emissions (t)	24.4	20.3	-4.1
	Total amount of discharged waste, etc. (t)	5,850	4,423	-1,427
	Recycled amount (t)	4,167	3,769	-398
	Amount of final waste disposal (t)	511	340	-171

Notes :
1. Calculated in conformance with the Environmental Accounting Guidelines 2005 published by the Japanese Ministry of the Environment and the Environmental Accounting Guidelines for Chemical Companies published by the Responsible Care Committee of the Japan Chemical Industry Association.
2. Total energy input and CO₂ emissions for FY 2023 are being reviewed in accordance with revisions to the Act on the Rational Use of Energy.

Economic Benefit Associated with Environmental Conservation Activities

Benefit Details	Amount
Sale of valuable articles	15

Environmental Protection

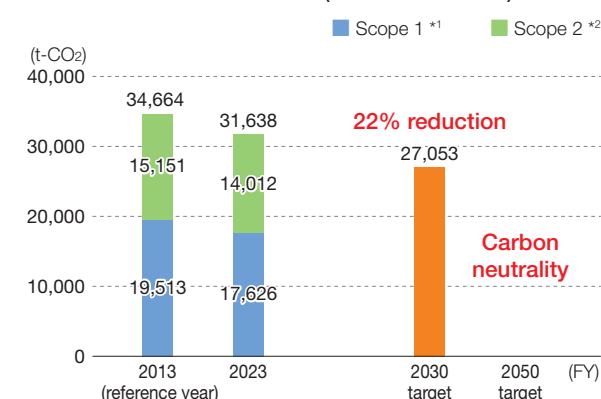
We calculate the amounts of energy and resources we use, product production volumes, and emissions of substances with environmental impact as part of our business activities, and we proactively work to protect the environment by reducing emissions of greenhouse gases and chemical substances, and properly managing waste.

Reduction of Greenhouse Gas Emissions

As measures to address global warming, Hokko Chemical Industry is working to reduce greenhouse gas emissions through the efficient use of energy and the introduction of renewable energy sources such as solar power generation.

For the government's stated goal of achieving carbon neutrality by 2050, Hokko Chemical Industry has set the Scope 1 and Scope 2 emissions (non-consolidated)

Greenhouse Gas Emissions (Non-consolidated)



*1 Scope 1: Direct emissions from the combustion of fuel and the like
 *2 Scope 2: Indirect emissions in conjunction with the use of electricity supplied by other companies

targets of a 22% reduction in FY 2030 (compared with FY 2013) and carbon neutrality in FY 2050.

The FY 2023 greenhouse gas emissions (non-consolidated) are 31,638t-CO₂ for Scope 1 and Scope 2, which is 91% of FY 2013. Furthermore, Scope 3 emissions are 243,779t-CO₂, with Category 1 accounting for 93% of all of Scope 3.

Going forward, we will work to further reduce greenhouse gas emissions in order to achieve our reduction targets.

Scope 3*3 (FY 2023, Non-consolidated)

Category	Emissions (t-CO ₂)
1 Purchased goods and services	226,663
2 Capital goods	2,212
3 Fuel- and energy-related activities not included in Scope 1 or Scope 2	4,292
4 Upstream transport and distribution	4,571
5 Waste generated in operations	3,936
6 Business travel	98
7 Employee commuting	1,211
9 Downstream transportation and distribution	616
12 End-of-life treatment of sold products	180
Total	243,779

Note: Categories other than the above are not covered by these calculations

*3 Scope 3: Indirect emissions other than Scope 1 and Scope 2

Hokko Chemical Industry Business Activities, Input, and Output (FY 2023 Main Production and Research Facilities)

INPUT			
Total materials input		Total amount of energy input (crude oil equivalent)	
Crop Protection Products Business	7,835t	Electricity	5,912kL
Fine Chemicals Business	22,214t	Fuel	6,281kL
		Amount of input water resources	
		Clean water	0.425 mil. m ³

OUTPUT			
Total products manufactured		Air	
Crop protection products	7,704t	SOx emissions	5.9t
Fine chemicals products	2,856t	NOx emissions	11.2t
		Benzene emissions*4	0.07t
		Dichloromethane emissions*4	0.11t
Greenhouse gas emissions		Waste	
CO ₂ emissions	30,059t-CO ₂	Total amount of discharged waste	4,423t
		Recycled amount	3,769t
		Amount of final waste disposal	340t
		Transportation	
		CO ₂ emissions	1,259t-CO ₂
		Total amount of discharged wastewater	2.967 mil. m ³
		COD emissions	20.3t

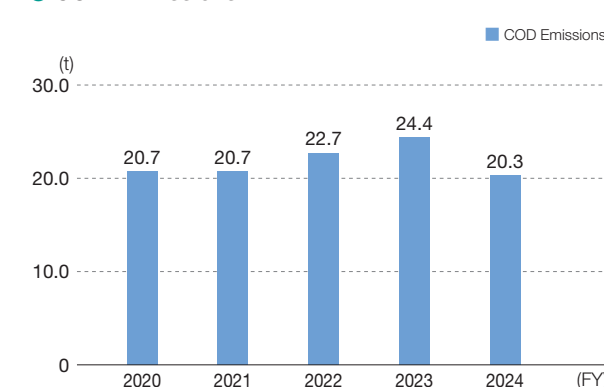
*4 Of the hazardous substances that contaminate the air (substances requiring priority action), only substances we emit in large amounts are listed.

Preventing Air and Water Pollution

Exhaust gas and wastewater generated in the manufacturing process are discharged into the atmosphere, rivers and seas after removal of harmful air and water pollutants through exhaust gas treatment facilities (cleaning and activated carbon treatment) and wastewater treatment facilities (neutralization, activated sludge, flocculation, and precipitation treatment). When discharging, we properly monitor and measure the discharge in accordance with relevant laws and regulations.

Measures are taken to prevent groundwater contamination, including above-ground installation of various types of pipes.

COD*5 Emissions



*5 COD: Chemical Oxygen Demand
 One measure of wastewater contamination by organic matter, with a higher number indicating higher organic matter pollution. COD emissions are calculated by multiplying average COD by annual wastewater emissions.

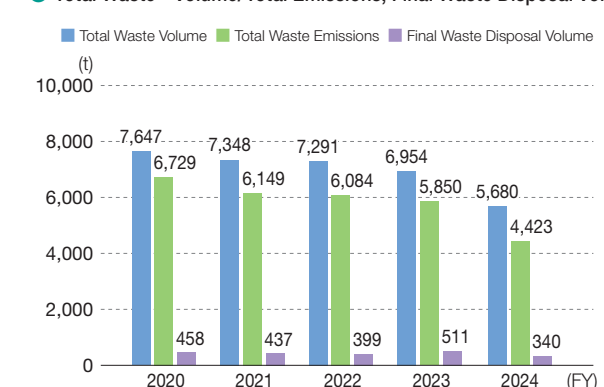
Appropriate Waste Management

We appropriately treat waste and promote the 3 R's (Reduce, Reuse, Recycle).

Of the waste that we generate, we incinerate waste able to be incinerated at our locations in accordance with disposal standards.

We contract treatment of waste that cannot be treated at our locations to treatment providers, and select reliable providers by conducting local inspections and other measures.

Total Waste*6 Volume/Total Emissions, Final Waste Disposal Volume



*6 Waste: Waste and secondary materials generated during product manufacturing (including materials with value such as waste paper and metal)

Data by Location

FY 2023 & FY 2024 Environmental Load Data by Location

Item	Hokkaido Factory		Niigata Factory		Okayama Factory		Central Research Laboratories Fine Chemicals Research Laboratories	
	2023	2024	2023	2024	2023	2024	2023	2024
Total energy input (crude oil equivalent) (kL)	519	499	937	822	10,422	10,269	556	602
Waterworks consumption (1,000 m³)	8.4	8.3	12.4	15.9	424	393	6.8	7.4
CO₂ emissions (t-CO₂)	1,307	1,258	1,838	1,517	26,770	25,931	1,217	1,353
SOx emissions (t)	1.3	0.9	0.0	0.0	5.6	5.0	0.0	0.0
NOx emissions (t)	0.5	0.7	0.1	0.1	11.8	10.0	0.4	0.4
Total wastewater (1,000 m³)	8.4	8.3	16.3	19.6	2,608	2,929	9.4	10.1
COD emissions (t)	0.18	0.19	0.10	0.08	24.1	20.0		
Total waste emissions (t)	242	287	411	320	5,029	3,657	57	61

Note: Total energy input and CO₂ emissions for FY 2023 are being reviewed in accordance with revisions to the Act on the Rational Use of Energy.

Occupational Health and Safety, Process Safety and Disaster Prevention

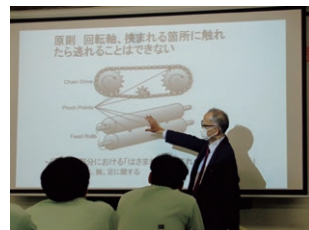
With safe operations and elimination of occupational accidents given highest priority, we conduct independent health and safety activities as part of our efforts to create workplace environments that are safe and easy to work in.

Occupational Health and Safety Initiatives

With safe operations and elimination of occupational accidents given highest priority, we have put in place a health and safety management system and conduct a range of activities related to health and safety including activities to predict risk (called “KY”) and 5S (translated as “Sort, Set in order, Shine, Standardize, Sustain”) activities. All of our factories have also obtained ISO45001 certification, an international standard for occupational health and safety management systems.

Education and Training

We provide education on the health and safety information employees need to know in operations, including our basic approach to safety and safe handling of chemical substances, and promote obtaining of qualifications required in operations. To prepare for emergency situations, we conduct disaster preparedness drills and education in the unlikely event of a fire, chemical substance leak, natural disaster, or other type of disaster. In addition to the health and safety education we have conducted to date, we also conduct trainings on sensing danger using simulations of actual dangers to improve employees’ ability to perceive danger.



Safety education
(Hokkaido Factory)



Training on sensing danger
(Niigata Factory)

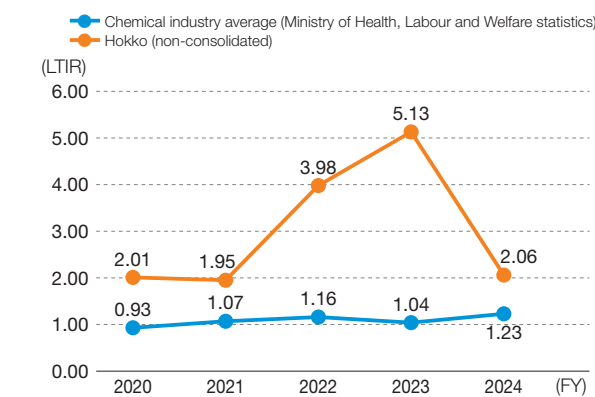


Emergency drills
(Okayama Factory)

Occurrence of Occupational Accidents

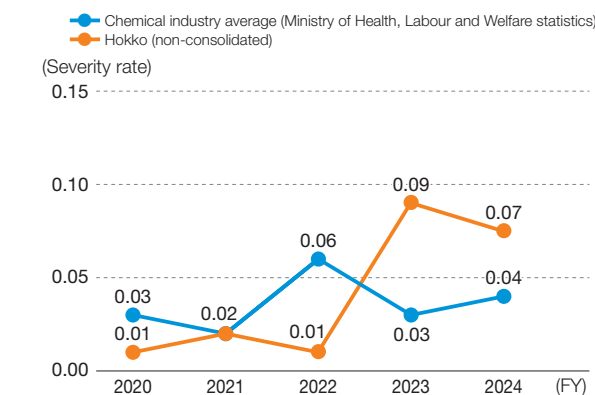
In FY 2024, there were two occupational accidents that resulted in lost work time. In response, we are taking measures to prevent reoccurrence including improving equipment and reviewing work techniques. The status and effectiveness of measures to prevent recurrence are verified through RC internal audits. Information on accidents is also shared throughout the Hokko Group in an effort to prevent the occurrence of similar accidents.

● Lost Time Injury Rate (LTIR)



LTIR: Indicator of the frequency of lost time injuries
(Number of lost time injuries) ÷ (Total working hours) × 1 million

● Severity Rate



Severity rate: Indicator of the severity of occupational accidents
(Number of work days lost) ÷ (Total working hours) × 1,000

Chemical Product Safety, Distribution Safety

Each business location takes measures to properly handle and manage chemical substances. We clearly specify the product properties and handling methods for the relevant parties and update information as necessary.

Chemical Substances Management

Chemical substances are useful and indispensable to our way of life, but their improper management can lead to environmental contamination and accidents, and carries the risk of adversely affecting human health and ecosystems.

We comply with laws and regulations in handling chemical substances. We also collect safety information, conduct safety tests and risk assessments, and implement appropriate management of chemical substances corresponding to the product stage (R&D, manufacturing, etc.).

Safety Data Sheets

We prepare Safety Data Sheets (SDSs), which list important information for the safe handling of chemical products, for all of our products, and use them when providing information to customers and conducting employee education. SDSs for our leading crop protection products can be found on our website. We are working to expand familiarity with changes to items included on labeling of agricultural chemicals in conjunction with the revised PRTR Law^{*1}, and have posted on our website a table comparing old and new



<https://www.hokkochem.co.jp/business/pesticide/product-sds>
(Only available in Japanese)



Safety Data Sheet (SDS)

labels in accordance with the revision of the PRTR cabinet ordinance.

In response to revisions to the Industrial Safety and Health Act, we are also making a series of revisions to our SDSs.

^{*1} PRTR Law: Law concerning Pollutant Release and Transfer Register

Distribution Safety

Our factories periodically hold consultations with shipping companies to mutually coordinate and implement environmental and safety initiatives in distribution. To prepare for the unlikely event of an accident while products are being shipped, drivers carry Yellow Cards^{*2} with them listing information such as who to contact and what measures to take in an emergency. To complement the Yellow Card system, we have introduced the Container Yellow Card (labelling system)^{*3}, which lists the guide number^{*4} and UN number^{*5} on cardboard boxes.



Yellow Card



Container Yellow Card
(example on cardboard box)

^{*2} Yellow Card (emergency contact card): Yellow paper printed with instructions for the driver, fire fighters, police, and other relevant parties to take in the event of an accident. The instructions are given the name “yellow card” because they are printed on yellow paper to make them easy to find in an emergency.

^{*3} Container Yellow Card (labelling system): To supplement the Yellow Card system, cardboard boxes and product labels list the guide number and UN number.

^{*4} Guide number: In the emergency response guidelines published by the Japan Chemical Industry Association, chemical substances are classified into 62 groups and assigned numbers based on their common hazards and emergency response measures. In an emergency, information about the emergency response measures to take can be obtained from the guide number.

^{*5} UN number: Four-digit numbers that identify hazardous materials, assigned by the United Nations Committee of Experts on the Transport of Dangerous Goods and published in the Recommendations on the Transport of Dangerous Goods (Orange Book).

With Stakeholders

Our corporate activities would not be possible without the understanding and support of our stakeholders. Through various forms of engagement with stakeholders, we aim to build upon our trustworthy relations.

With Customers

We work to ensure safety and product quality in all the stages of research and development, manufacturing, logistics, and sales. We listen to feedback from customers and strive to improve our technologies and quality.

Quality Assurance Structure

To stably supply products of excellent quality able to satisfy customers, our factories have obtained ISO 9001 certification, the international standard for quality management systems. After rounds of examinations for maintenance and updates by the certifying body, we obtained the 2015 version of the certification in 2018. We conduct an internal quality audit once a year to confirm whether the management system at our factories is being appropriately and effectively implemented, and factory managers periodically make revisions to the system.

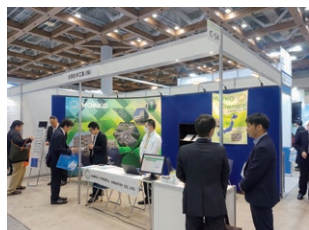
In the Fine Chemicals Business group, we have set up the Quality Inspection Team and the Quality Assurance Team independent from the Production Department to augment our quality assurance structure.

Communication with Customers

Sales staff in the Crop Protection Products Business group in Japan have obtained the JGAP* instructor qualification to better propose products that meet customer requests.

The Fine Chemicals Business group actively introduces our products and technologies through Web conferences with customers in Japan and overseas and other means.

* JGAP: Japan Good Agricultural Practice. An agricultural production management method for the purpose of ensuring the safety of agricultural crops.



At an exhibition

With Shareholders and Investors

We established a disclosure policy, disclose information appropriately and in a timely manner, and strive to hold constructive dialogue with shareholders and investors.

General Meeting of Shareholders

We position the general meeting of shareholders as an important opportunity to engage in direct communication with all of our shareholders. At the general meeting of shareholders, we use visuals to supplement explanations of our business situation, business plans, and strategy. The notice of convocation of the general meeting of shareholders is released and sent at an early date. We also set up the “Hokko Now” corner, where we introduce our business performance as well as other topics of note as another way to expand our information sharing.

Management Plan and Financial Closing Briefings

We hold second-quarter and full-year financial results briefings for institutional investors and analysts. We also aim to build good, trustworthy relations with investors through regularly held IR meetings. We disclose a summary of the Q&A session from the briefing on our website. Going forward, we will continue our efforts to enhance IR for shareholders and investors.

Expanding Our Website

We release timely and appropriate IR-related information, including about our management policy and strategy, business performance, and financial information, on our website to deepen understanding for the Hokko Group.

We launched the “Quick and Easy HOKKO” website (in Japanese) to promote understanding of our origins, the Crop Protection Products Business, and the Fine Chemicals Business using easy-to-understand graphics and photos. The “Hokko Chemical Industry and the SDGs” presents information on how our business activities are contributing to achieving the SDGs.

With Local Communities

Through offering tours and hands-on workshops and participating in volunteer activities, our business locations seek out opportunities for communication with local residents.

Offering Tours and Hands-On Workshops

Our locations give tours and hands-on workshops and seminars for students. Our factories provide briefings on product manufacturing processes, safety and health, and environmental conservation efforts. Our laboratories provide briefings on a range of tests to validate safety and efficacy that are required in the development of crop protection products.



Receiving interns (Hokkaido Factory)



Conducting factory tours (Hokkaido Factory)

Social Contribution Activities, Communication with Communities

Our locations open their facilities such as baseball grounds to the community. We participate in cleanups around our business locations, collect waste materials from the community, and participate in various community events.

We also take part in blood drives, with a mobile blood drive visiting our factories each year.

Our laboratories have concluded memorandums with local governments to provide use of our sites as emergency shelters in the event of a disaster.



Participating in traffic safety event (Hokkaido Factory)



Community cleanup event (Niigata Factory)

With Employees

We are promoting initiatives related to human resource development, diversity, work-life balance, and health and productivity management based on our human resource development policies and our internal environmental maintenance policies.

Human Resource Development

To develop human resources who think for themselves and work with autonomy to tackle challenges in new fields, we implement various educational programs including rank-based trainings and practical workshops and sending employees to language schools. We also support employees to improve their skills by encouraging and subsidizing obtaining certifications (PhD, JGAP instructor, etc.) and distance learning directly and indirectly related to business.

Diversity

In corporate development, human resources with a wide variety of backgrounds must demonstrate their talents. We are undertaking various measures such as promoting women's empowerment, recruiting and promoting diverse human resources, maintaining a system for hiring senior citizens, and hiring disabled people.

Work-Life Balance

As part of realizing a work-life balance, we believe it is important to create well-ventilated workplaces where employees can feel comfortable working. We aim to realize work-life balance through various systems such as child care leave, family care leave, and planned paid leave. Promoting changes to how employees work from multiple angles will lead to increased productivity by individual employees, reductions in long working hours, and a higher rate of employees taking annual paid leave.

Health & Productivity Management

Through our Hokko Health and Productivity Management Declaration, we have proclaimed the entire organization's commitment to maintaining and promoting the health and well-being of its employees and their families, and we are developing activities aimed at achieving this goal. We are working to set out the prevention of lifestyle-related diseases, addressing mental health and smoking, and preventing infectious disease as our health promotion themes. Thanks to these efforts, we have been certified as a Health & Productivity Management Outstanding Organization.



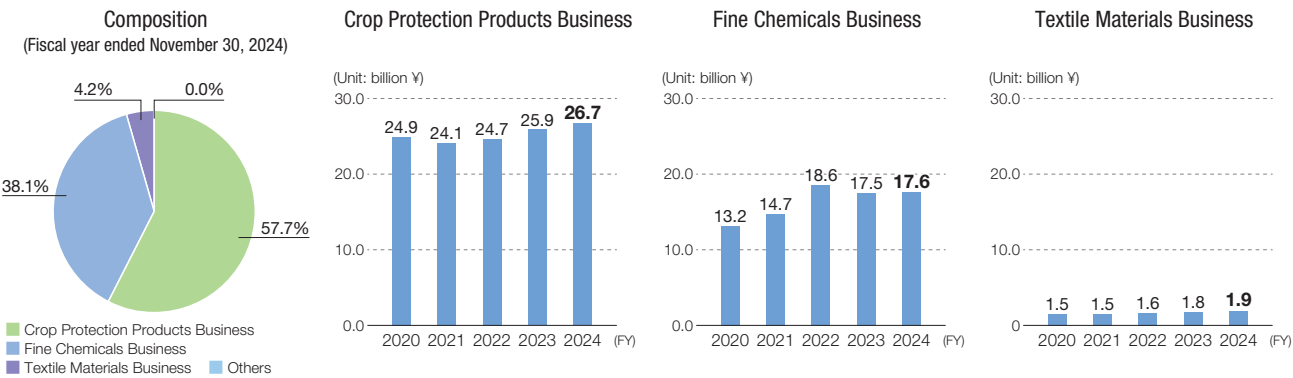
Financial Data

Consolidated Management Indicators

		FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Sales	(million ¥)	39,641	40,287	44,864	45,227	46,195
Ordinary income	(million ¥)	3,258	3,843	5,905	5,474	5,691
Current net income attributable to parent company shareholder	(million ¥)	2,400	2,927	4,214	3,724	4,006
Comprehensive income	(million ¥)	4,508	4,345	4,566	9,153	787
R&D expense	(million ¥)	1,442	1,517	1,489	1,547	1,649
Depreciation cost	(million ¥)	1,496	1,351	1,374	1,920	1,820
Capital investment	(million ¥)	593	1,968	3,895	1,203	1,628
Net assets	(million ¥)	30,363	34,220	38,240	46,770	46,198
Total assets	(million ¥)	48,201	51,987	57,566	67,479	65,322
Net assets per share	(¥)	1,121.13	1,263.58	1,412.06	1,727.05	1,735.83
Current net income per share	(¥)	88.61	108.06	155.60	137.50	148.15
Diluted net income per share	(¥)	—	—	—	—	—
Capital adequacy ratio	(%)	63.0	65.8	66.4	69.3	70.7
Return on equity (ROE)	(%)	8.5	9.1	11.6	8.8	8.6
Price-earnings ratio	(ratio)	12.7	7.8	5.8	7.1	8.6
Cash flow from sales activity	(million ¥)	4,590	2,940	3,869	4,834	6,073
Cash flow from investment activity	(million ¥)	(1,885)	(1,689)	(2,809)	(1,980)	(1,310)
Cash flow from financial activity	(million ¥)	361	(965)	(691)	(1,121)	(1,771)
Final balance of cash and cash equivalents	(million ¥)	3,956	4,321	4,814	6,628	9,707
No. of employees [Average number of temporarily hired workers besides regular employees]		763 [138]	772 [131]	760 [123]	749 [118]	747 [116]

Notes :
1. Sales do not include consumption tax.
2. Diluted net income per share is not listed since there are no dilutive shares.

Sales by Segment



Consolidated Balance Sheet

(Unit: million ¥)

	FY 2023 (November 30, 2023)	FY 2024 (November 30, 2024)		FY 2023 (November 30, 2023)	FY 2024 (November 30, 2024)
Assets			Liabilities		
Current assets			Current liabilities		
Cash and deposits	6,628	6,207	Bills and accounts payable	5,930	5,610
Notes and accounts receivable, contract assets	11,166	11,055	Accounts payable	1,980	2,192
Securities	—	3,500	Income taxes payable	678	665
Products and finished goods	13,402	12,170	Consumption taxes payable	534	291
Products in progress	477	490	Accrued expenses	3,253	3,478
Raw materials and stored goods	5,454	6,198	Refund liabilities	136	168
Return assets	13	5	Other	55	87
Other	585	1,063	Total of current liabilities	12,566	12,491
Total of current assets	37,725	40,686	Fixed liabilities		
Fixed assets			Long-term debts	1,000	1,000
Tangible fixed assets			Liabilities related to post-employment benefits	2,564	2,387
Buildings and structures (net)	5,403	5,442	Deferred tax liabilities	3,988	2,664
Machinery and vehicles (net)	4,169	3,729	Refund liabilities	524	529
Land	962	973	Other	66	53
Construction work-in-progress	104	109	Total of fixed liabilities	8,143	6,633
Other (net)	336	347	Total of liabilities	20,709	19,124
Total of tangible fixed assets	10,974	10,600	Net assets		
Intangible fixed assets	665	590	Shareholder's equity		
Investments and other assets			Capital	3,214	3,214
Investment securities	17,020	12,259	Capital surplus	2,608	2,608
Long-term loans	8	7	Earned surplus	30,078	33,325
Deferred tax assets	71	26	Treasury stock	(1,311)	(1,913)
Assets related to postemployment benefits	779	954	Total of shareholder's equity	34,589	37,235
Return assets	50	14	Accumulated other comprehensive income		
Other	207	204	Valuation difference on other available-for-sale securities	11,007	7,694
Allowance for doubtful accounts	(19)	(18)	Foreign currency translation adjustment	631	684
Total of investments and other assets	18,116	13,445	Accumulated adjustment related to post-employment benefits	543	585
Total of fixed assets	29,755	24,636	Total of accumulated other comprehensive income	12,181	8,963
Total of assets	67,479	65,322	Total of net assets	46,770	46,198
			Total of liabilities and net assets	67,479	65,322

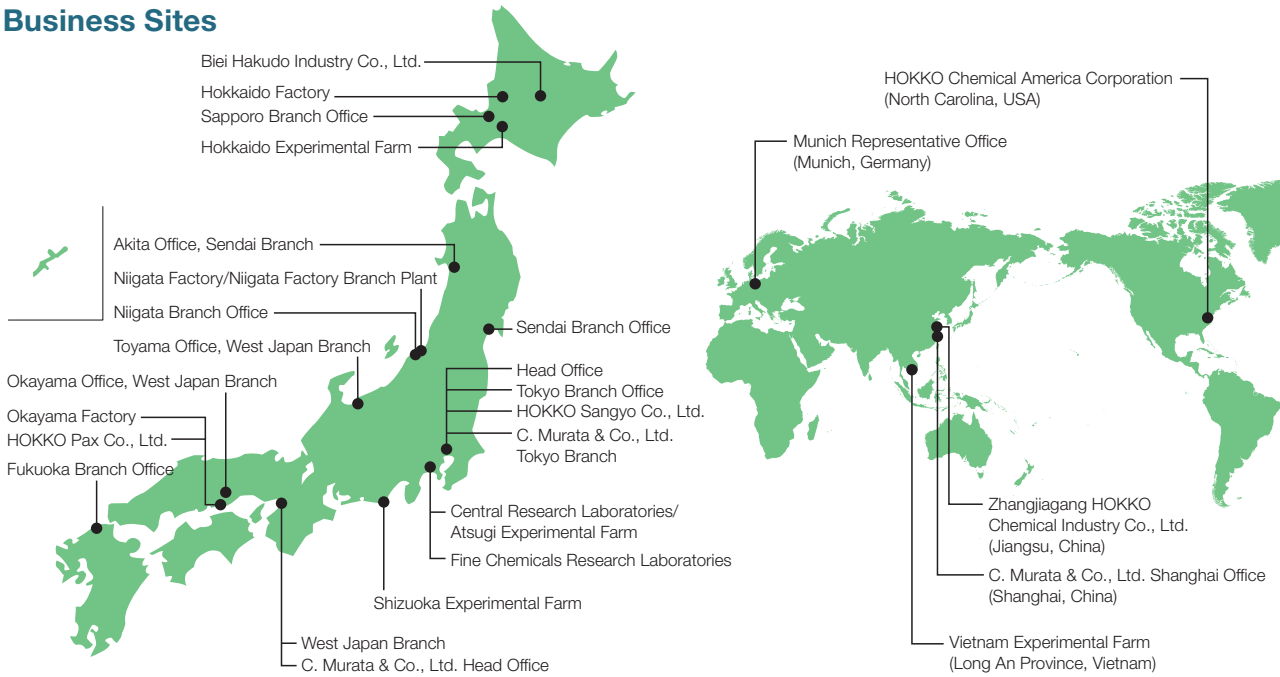
Company Overview

Corporate Profile

Corporate name: Hokko Chemical Industry Co., Ltd.
Head office: 1-5-4 Nihonbashi-Honcho, Chuo-ku, Tokyo 103-8341 Japan
Established: February 27, 1950
Capital: 3,214 million yen (as of Nov. 30, 2024)
Listed exchange: Standard Market of the Tokyo Stock Exchange
President: Ken-ichi Sano
No. of employees: Non-consolidated: 629
Consolidated: 747
(as of Nov. 30, 2024)

Business description:
Crop Protection Products Business
Manufacture and sale of insecticides, fungicides, herbicides, plant growth regulators, and related products
Fine Chemicals Business
Manufacture and sale of pharmaceutical and agrochemical intermediates, raw materials for electronics components, catalysts, raw materials for functional polymers, raw materials for fine ceramics, preservatives*, antifungal agents*, and related products*
* These products are sold only in Japan.

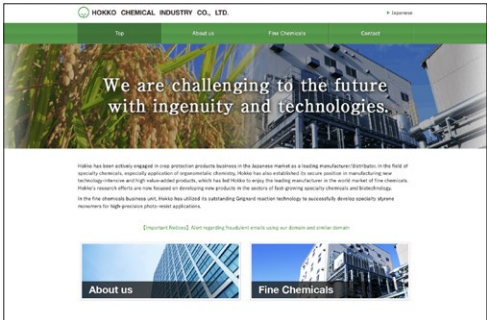
Business Sites



About Our Website

Hokko Chemical Industry's website publishes a variety of information including our business description, information about our products, our history, and our social and environmental initiatives. We hope it will give you a deeper understanding of the Hokko Group.

URL : <https://www.hokkochem.co.jp/english>



Consolidated Income Statement

(Unit: million ¥)

	FY 2023 (From December 1, 2022 to November 30, 2023)	FY 2024 (From December 1, 2023 to November 30, 2024)
Net sales	45,227	46,195
Cost of goods sold	33,671	34,125
Gross profit margin	11,556	12,070
Selling expenses and general administrative expenses	7,140	7,530
Operating income	4,417	4,540
Non-operating income		
Interest received	15	11
Dividends received	303	424
Commission received	469	488
Foreign currency gain	129	95
Other	196	178
Total of non-operating income	1,112	1,197
Non-operating expenses		
Interest paid	24	25
Other	31	21
Total of non-operating expenses	55	46
Ordinary income	5,474	5,691
Extraordinary income		
Gain on sales of investment securities	22	198
Gain on sale of fixed assets	1	1
Total of extraordinary income	23	199
Extraordinary loss		
Loss on sale of fixed assets	100	132
Impairment Loss	—	198
Loss on sales of investment securities	8	—
Other	0	—
Total of extraordinary loss	108	330
Current net income before taxes	5,389	5,560
Corporate tax, resident tax, and business tax	1,479	1,391
Adjustment for corporate tax, etc.	187	163
Total of corporate tax, etc.	1,665	1,554
Current net income	3,724	4,006
Current net income attributable to parent company shareholder	3,724	4,006



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